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Greece	1.00	U.S.	1.00	U.S.	1.00	U.S.	1.00	U.S.	1.00
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Lebanese Army soldiers guard a roadblock along the Green Line from the Christian-held eastern part of the city. The Lebanese Army is dividing the Palestinian-controlled West Beirut, at left, Christian soldiers control the checkpoints with Israeli forces.

Israel Reported to Reject 2 Parts Of U.S. Plan for PLO Withdrawal

Compiled by Our Staff From Dispatches
JERUSALEM — Israeli officials said Wednesday that the government has rejected a U.S. proposal that the Palestine Liberation Organization be allowed to keep a political or military presence in Lebanon when its guerrillas leave Beirut.
And in Beirut, a key intermediary between Philip C. Habib, the U.S. presidential envoy, and the PLO said that the PLO refused to be evacuated by the U.S. Sixth Fleet in the Mediterranean.
"They want to go by land to the Bekaa Valley," said Saeb Salam, a former premier of Lebanon. "To the Americans, this is like staying in Beirut."
Cautious Optimism
Amid the difficulties, however, there were some cautious expressions of optimism as mediators continued their efforts to reach an agreement.
In a briefing after a long Cabinet meeting, Israeli officials said the government remained optimistic that diplomatic efforts would succeed in arranging an evacuation of approximately 6,000 Palestinian guerrillas trapped in Moslem West Beirut.
Following the Cabinet meeting, Prime Minister Menachem Begin sent David Kimche, the director-general of the Israeli Foreign Ministry, for direct talks with Mr. Habib in Beirut.
The participation of Israel's most senior diplomat marked a new phase in the negotiations. High Israeli officials said previously that the talks could be compromised by such direct Israeli involvement.
In Washington, Defense Secretary Caspar W. Weinberger said Wednesday that Israel had set Sunday as a deadline for an agreement on the PLO evacuation.
Speaking to reporters, Mr. Weinberger said that the Israeli Cabinet set the deadline at its meeting last Sunday and that, as a result, Mr. Habib was given only another week to put together an agreement acceptable by the PLO, the Lebanese, Syria and Israel.
U.S. Warships Near Coast
Five U.S. warships, meanwhile, sailed to within 150 miles (240 kilometers) of the Lebanese coast Wednesday, ready to land up to 1,800 Marines to join an international peacekeeping force if so ordered.
The 18,000-ton helicopter carrier USS Guam, the largest of the amphibious ships in the Sixth Fleet, and the 16,900-ton Nashville, an amphibious transport dock, were on station off Lebanon, U.S. military sources in Washington said.
The two ships were joined by the USS Hermitage, a dock landing ship, and the tank landing ships USS Saginaw and USS Manitowoc, the sources said.
The conventionally powered aircraft carrier USS Forrestal and its escort ships were also on station in the same area, the sources said.
The USS Forrestal has sufficient range to reach Beirut.
The Israeli Cabinet discussed a nine-point U.S. plan providing for the withdrawal of the PLO to the Syrian port of Latakia.
The plan also proposes a partial Israeli pullback from the outskirts of East Beirut, an area from which Israeli armor has been pounding PLO strongholds in the western sector of the capital.
According to a senior official, the Israeli Cabinet has no objection to seven of the nine points in the U.S. plan, including the proposal that American, French and Lebanese soldiers occupy positions to be evacuated by the PLO in West Beirut.
The two points the Israelis have rejected are for a PLO political office to operate from Beirut and for PLO military units to serve under the command of the Lebanese Army, the Israeli officials said.
At dusk Wednesday, Israeli and Palestinian gunners resumed their artillery duels in the southern suburbs of Beirut after a night of fighting during which the center of the capital echoed with the sound of explosions.
After three days of a total cutoff, the Israelis allowed water and electricity supplies to be delivered to West Beirut. Both will still be rationed as they were before the Israelis cut the lines, but now water and electricity are once again controlled by the Lebanese.
Some emergency supplies for refugees were allowed through the east-west crossing at the Beirut port, but food and other essential goods were still blocked by the Israelis.
Twenty-three tons of food for displaced persons were allowed to pass, but other supplies destined for Lebanese government relief work was prohibited.
Witnesses said that small amounts of vegetables slipped through the blockade but that in general the controls held. Passenger cars were still blocked from crossing into the western sector of the city, although they could drive into the east.
Soviet Embassy Damaged
Several buildings in the Soviet Embassy compound were heavily damaged during the latest Israeli shelling of West Beirut. The compound, occupying an entire block between two narrow streets off the Corniche Mazraa, one of West Beirut's main thoroughfares, has a Syrian Army encampment next to it.
Thirteen Soviet-made Syrian army trucks parked outside the embassy compound's wall had their windshields and windows blown out by the blasts of shells that fell into the mission complex Tuesday night. It was not possible to see whether the Syrian encampment, behind a white-washed concrete wall, had also been hit.
Nikolai Perfidov, the Embassy second secretary, said that none of the 80 embassy staffers was injured. "We spent the whole night in the basement as shells kept crashing into the compound all night," he said.
In California, where Mr. Reagan is vacationing, U.S. officials expressed cautious optimism Wednesday that the Palestinians would agree to leave Lebanon despite an initial cool response to the president's proposals.
Larry M. Speakes, deputy White House press secretary, said: "I would look carefully at PLO statements before drawing any conclusions."
Mr. Speakes said the president (Continued on Page 2, Col. 5)

Hanoi Pledges to Start Cambodia Withdrawal, Vows Bigger Pullout if Thais Stop Rebel Aid

By Michael Fathers
HANOI — Vietnam announced Wednesday that it would withdraw a large number of troops from Cambodia this month. Foreign Minister Nguyen Co Thach said further withdrawals would follow if Thailand responded to Vietnam's demands that it stop aid and support going through Thai territory to opposition groups in Cambodia.
The announcement came a week after the three main Cambodian opposition groups — the Khmer Rouge, and non-Communist factions led by the former head of state, Prince Norodom Sihanouk, and former Premier Son Sann — announced the formation of a coalition front to drive the Vietnamese out of Cambodia.
It also coincided with a visit by Prince Sihanouk to Cambodia from Thailand on a morale-boosting journey to his homeland, where he has not been since the Vietnamese invaded.
Under tight security, the prince walked about 100 meters (110 yards) into Cambodia, after his drive from Bangkok.
He arrived in Thailand last week, following the formal establishment of a coalition linking his own supporters with the Khmer Peoples National Liberation Front under Son Sann and the Khmer Rouge, which ruled Cambodia for nearly four years until overthrown by the Vietnamese.
He described his reception by the Son Sann group as affectionate and solemn and said that in the next few days he would visit a Khmer Rouge base, which has about 30,000 fighters.
Before returning to Bangkok, he visited a United Nations camp for Cambodian refugees in eastern Thailand.
Mr. Thach, speaking after a meeting of foreign ministers of Vietnam, Cambodia and Laos, would not say how many troops would be withdrawn, but he said the number was significant. He said Vietnam had withdrawn other troops in September.
Vietnamese forces invaded Cambodia in December, 1978, to help overthrow the Khmer Rouge government. It has been estimated since then that Vietnam has about 200,000 soldiers in Cambodia.
An announcement in Tokyo by Ambassador Nguyen Trung Xuan of Vietnam said the troops would be withdrawn "to show our goodwill." He said Vietnam might agree later to a further withdrawal. Peking is the main supporter of the Khmer Rouge.
Diplomats from Hanoi estimated that the two withdrawals would reduce the number of Vietnamese soldiers in Cambodia to fewer than 150,000.
The Vietnamese announcement came at the end of the two-day foreign ministers' conference, part of a diplomatic initiative proposed by the ministers to establish peace in Southeast Asia.
They proposed setting up a "safety zone" on both sides of the Thai-Cambodia frontier that would be policed by Thai troops on their side and Cambodians on the other. Establishment of the zone is conditional on Khmer Rouge guerrillas and Cambodian refugee camps being moved from the frontier zone, a communiqué from the ministers said.
It said the zone could be supervised by a United Nations force if the UN withdraws its recognition of the Khmer Rouge as the legitimate government of Cambodia.
Thailand earlier rejected a similar proposal on the ground that it interfered with its sovereignty. As a member of the Association of Southeast Asian Nations, it has also been a prime supporter of the Khmer Rouge case in the United Nations and the formation of the Sihanouk-led coalition.
The three countries also proposed an international conference to establish peace in Southeast Asia. This would include the five ASEAN countries — the others are Malaysia, the Philippines, Indonesia and Singapore — and Burma, India and the permanent UN Security Council members, China, the Soviet Union, the United States, France and Britain.
Mr. Thach said there was no deadline for a response from Thailand to the new proposal for withdrawal. He is to visit Thailand and the other ASEAN countries later this year.
The proposed troop withdrawal reflected the apparent success of the present government in Phnom Penh in establishing its control over the countryside.



Prince Norodom Sihanouk, at left, and Son Sann, two of the leaders of Cambodian forces hoping to expel the Vietnamese, reviewed guerrilla troops Wednesday at Sroch Srang, Cambodia.

Warsaw Assails West Over Default on Debt

WARSAW — The Polish authorities Wednesday bitterly denounced Western nations for applying economic sanctions, saying they had consciously made it impossible for Poland to repay its debts on time.
As Western bankers held talks with Polish representatives in Vienna on Warsaw's \$4 billion of commercial debts due this year, the official press agency PAP said the sanctions were "an obvious, unprecedented economic aggression against Poland." It also said that the servicing of debts owed to the West had consumed 75 percent of export earnings last year.
In Vienna, Western and Polish bankers Wednesday expressed optimism that they could reach even a tentative agreement on how to handle Warsaw's commercial debts. Sources said the negotiations on the 1982 debts would be more complex than the talks on last year's payments, which dragged on for nine months. But the press release did not mention a timetable for future talks.
The PAP statement said that although much of the blame for Poland's economic situation could be attributed to the economic planners of the 1970s, they were also largely said to have been caused by conscious Western policies aimed at making Poland economically dependent.
The agency said the most damaging sanction was the embargo on credits imposed by NATO nations in January as a political protest against the declaration of martial law a month earlier.
"This conceals a meaningful paradox — for the first time in economic history, the creditors

Argentina Signals a Desire for Traditional Ties With U.S.

By Jackson Diehl
Washington Post Service
BUENOS AIRES — The Argentine military government has clearly signaled that U.S.-Argentine relations will return to the traditional condition of verbal friendship and practical contentment since the Falkland Islands crisis.
President Reynaldo Benito Bignone and the conservative army leadership have firmly outlined their intention to halt the swing toward student partnership with the Cuba-led nonaligned nations group. This shift was initiated by Leopoldo F. Galtieri, the former president, at the height of the Falklands conflict with Britain.
While insisting that Argentina will remain a "Western" country, Gen. Bignone and the new foreign minister, Juan Ramón Aguirre Lanari, have also made it clear that they share few of the plans for a close alliance with the United States that was the most celebrated feature of Argentine foreign policy earlier this year.
Parochial and Pragmatic
Instead, Mr. Lanari said in a speech Monday that Argentina would be "dedicatedly independent, the jealous custodian of its own capacity of self-determination." What that means, Argentine officials explained, is that Buenos Aires will be what it almost always has been: parochial and pragmatic to an often bewildering extreme, enmeshed in a series of loose and often contradictory alliances that have permitted it to be fiercely anti-Communist, nonaligned, pro-Western and anti-Yankee all at once.
For the Reagan administration, the return to traditional Argentine foreign policy will mean the loss of what had been grand plans — at

Argentina Signals a Desire for Traditional Ties With U.S.

least in Buenos Aires — for regional cooperation between the two countries.
Before the invasion of the Falkland Islands on April 2, the Galtieri government was considering a range of measures to strengthen relations with the United States. These included a loosening of ties with Cuba and Nicaragua, cooperation on such issues as sanctions against Poland, and active military participation in U.S. projects in Central America, according to sources and documents available here.
Now, Argentina is likely to return to the course that over the years caused it to attempt to block almost every regional U.S. initiative, to refuse to participate in the Sinai peacekeeping force or sanctions against Poland, and to increase grain sales to the Soviet Union during the U.S. embargo.
Even this kind of pragmatic neutralist policy has become the subject of controversy within some civilian and military circles. The government's opponents maintain that Argentina should break its relations with the United States and Europe while conducting a continuing campaign of harassment against Britain in the Falkland Islands.
In this sense, Argentine analysts say, an important element of the political struggle around the army government is likely to be whether a return to cordial relations with the United States benefits Argentina on the overriding issue of the Falklands.
Mr. Lanari and other government officials, conscious of being considered pro-Washington, have officials say privately, is not only a lifting of the sanctions but a move by the Reagan administration to reduce its support of Britain and apply pressure for negotiations on sovereignty over the Falklands.
With the U.S. support for Britain in the Falklands crisis and Argentina's subsequent military defeat, most of the plans for cooperation with the United States appear to have been at least temporarily abandoned. Appointment of a new ambassador to Cuba is under consideration, and political sources close to the military say that about 70 Argentine advisers in Central America have been withdrawn.
Instead of seeking a close alliance and its benefits with the United States, Gen. Bignone's government has signaled that it will wait for Washington to make its own gestures of good will, not on broad issues, but on the specific interests like the Falklands that have always mattered most here.
Peru Getting Exposed
LIMA (AP) — France has sent another shipment of Exocet missiles to Peru, ending a short period of strained relations between the two countries, according to Foreign Minister Javier Arias Stella.



President Reynaldo Benito Bignone of Argentina talking with reporters in Buenos Aires. He said that Argentine sovereignty over the Falkland Islands remained a primary government objective.

The U.S. Budget Process: A Perfect Scapegoat for Fiscal Failure

By Helen Dewar

Washington Post Service

WASHINGTON — President Reagan has called it a "Mickey Mouse" operation. Democratic liberals speak of it even less kindly. But if official Washington did not have a budget control process, it would probably have to invent one, if only to provide the perfect scapegoat for political paralysis and fiscal failure.

The process is painful, messy, balky, almost incomprehensible to all but a glassy-eyed few. And it has failed to lead Congress into the promised land of milk honey and balanced budgets.

But it was never intended to serve as a shortcut to fiscal paradise. Rather, the nation's economic problems on route. It was designed in 1974 as a tool by which Congress could produce coherent fiscal policy, a way of planning and, then, measuring congressional action, of forcing Congress to add up its assorted tax and spending decisions every year and sign its name to the result. It was not meant to determine fiscal policy but help pull it together in broad terms, with specific implementing legislation to be enacted later.

And despite what the critics say, the process has worked better than most reform efforts

Parties Seem to Use It as a Substitute for Political Will

even though its most recent product, the first budget resolution for fiscal 1983 that Congress finally approved last month, pleases almost no one.

Loss of Resolve

Last year, with Mr. Reagan capitalizing on his momentum from the 1980 elections, the political will existed to take extraordinary steps to reverse nearly a half-century of growth

NEWS ANALYSIS

in the government and its social welfare programs. This year, however, as economic problems intensified and doubts mounted over Mr. Reagan's plans for handling them, the congressional resolve was nowhere near as strong, and the budget process was called upon to do the almost impossible.

As the process faltered, Mr. Reagan, in a moment of impatient exasperation, blamed it for the absence of the "previous year's fiscal victories." The most irascible, Mickey Mouse arrangement that any government body has ever practiced," he

said at one point, fuming, even though the same process had given him virtually everything he wanted just a year earlier.

Similarly, Democrats complained that the process caused Congress to think only of cutting spending to reduce the deficits even though federal expenditures more than doubled in the first six years of the budget process when Democrats controlled Congress; and, for four of those years, occupied the White House.

Both Mr. Reagan and Congress were attempting to use the process not as a tool for exercising political will, but as a substitute for it. They were using it for their own political as well as economic ends and then blaming it when the results, because of political pressures and strains, did not turn out as planned.

Challenge to Congress

Mr. Reagan challenged Congress to reduce deficits without touching three of the biggest drains on federal revenues: the huge multiyear tax cut, his extensive military buildup and the annual increases in Social Security costs. Both the tax cut and

military buildup were linchpins of his overall policy, and he was not about to let anyone tamper with them. Having been burned so often on the Social Security issue, he was also loath to touch it again, especially in a congressional election year.

Congressional Republicans did not like the high deficits that resulted from Mr. Reagan's program but were reluctant to defy their president. So they flinched from a budget alternative drafted by the chairman of the Senate Budget Committee, Pete V. Domenici of New Mexico, that would have restrained Social Security increases and raised taxes far more than Mr. Reagan wanted, along with producing considerably lower deficits over the next few years.

As a result, the budget act fell for a second year in a row on spending programs that most Democrats are sworn to protect, including many in the social welfare area. Democrats, having lost control of the Senate and retaining only nominal control of the House, simply could not protect this spending. In addition, some Democrats were quietly counseling that a defeat was not all bad because it would enable

them to campaign this fall against a thoroughly Republican economy.

The result was a hodgepodge of spending cuts and tax increases that nonetheless left the country with record-high deficits that many believe will soar even higher than the official projections. But it was achieved in the face of fears only a few months before Congress, having rejected Mr. Reagan's original budget out of hand, could not write a budget of its own, especially one that would require tax increases and spending cuts in an election year.

Given where they were when they started and given the position the administration took, they've done a lot," said the director of the Congressional Budget Office, Alice M. Rivlin.

Now that Congress finally has a budget, the real test of political will — and of budgetary credibility — is still to come.

Shaky Assumptions

The deficit projection of just under \$104 billion for next year is predicated on some shaky spending and revenue assumptions that many budget experts, including Mrs. Rivlin, think may

turn out to be too optimistic as the year unfolds. More important, Congress still has to pass the actual legislation to enforce the budget through tax increases and spending cuts, without which the budget is a meaningless scrap of paper.

It will not be the fault of the budget process if Congress fails to deliver on its promises, but it is a safe bet that Congress will be blamed for any failures.

Perhaps an even bigger problem for the budget process is that, despite its rather modest beginnings, it has come to dominate all that Congress is doing in this Reagan era of retrenchment for everything but the military.

Congress has required that the first budget resolution be converted automatically into a final set of spending ceilings if a second resolution to set ceilings has not been adopted, as the law provides, by the start of the new fiscal year on Oct. 1. Other ideas include two-year instead of annual budgeting and the establishment of closer links between the budget process and the authorizing and appropriating committees, both to avoid turf fights and ease the way for meeting targets. One of the most far-reaching proposals is to combine the budget and appropriating processes into one.

Administration Urged To Pay U.S. Farmers To Cut Grain Yields

Washington Post Service

WASHINGTON — The Reagan administration is under growing pressure to improve the ailing farm economy by paying farmers not to plant crops.

Several prominent congressional Republicans, the conservative American Farm Bureau Federation, the National Grange and the National Association of Wheat Growers are among those leaning on the Department of Agriculture to adopt a paid acreage set-aside program.

The idea is viewed with disfavor by most free-market advocates, but its proponents reason that it will save the federal government money in the long run.

The alternative, they argue, is that crop loans and direct subsidy payments next year will likely surpass the \$12 billion now being calculated for fiscal 1982.

Potentially huge crops this year will further load the U.S. granary, they say, and push farmers' prices down further on wheat, corn, rice and cotton. Net farm income in 1982 is expected to be at its lowest since 1933, partly because of large stocks of basic grains.

Agriculture Secretary John R. Block is expected to announce in the next two weeks his plans for dealing with next year's wheat crop. He has until Nov. 15 to rule out any major crops.

Record Stockpile Possible

Wheat farmers have been critical of Mr. Block for announcing a voluntary diversion program last fall after most had planted their winter wheat, which now looms as a bumper crop that could push the nation's stockpile to an all-time high.

The latest to urge a paid acreage diversion are Sen. Pete V. Domenici, Republican of New Mexico, chairman of the Senate Budget Committee, and Rep. Paul Findley, Republican of Illinois, a veteran Agriculture Committee member who has not supported similar programs in the past.

Sen. Domenici, citing a Congressional Budget Office study prepared at his request, said that a paid set-aside on feed grains, cotton and rice as well as wheat would save taxpayers \$3.9 billion in the next fiscal year.

This calculation assumed no acreage adjustments. The federal outlays would involve price-support loans and deficiency payments, subsidies to farmers when market prices do not reach specified levels.

The Congressional Budget Office said that a simple continuation of the current voluntary plan would reduce federal outlays by \$1

billion as compared with no program.

Sen. Domenici said that extension of the voluntary retirement of 15 percent of the wheat base, along with payments to farmers for not planting another 10 percent, would cut stocks by 100 million bushels and add 40 cents per bushel to farmers' prices, but only minimally affect consumer food prices.

Rep. Findley argued that farmers need incentives to make serious cuts in wheat production.

Soviet Prospects Improve

MOSCOW (Reuters) — Heavy rain over most of the European part of the Soviet Union in the past week may have improved prospects for this year's grain harvest. Western agricultural analysts said Wednesday.

Moscow radio reported serious flooding in the western Ukraine and the analysts said storms Tuesday probably caused similar problems in central and southern parts of the country, but in general the benefits of the rain were likely to outweigh damage.

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In Shift, U.S. Agency Backs Ethiopian Exiles

By Bernard Weinraub

New York Times Service

WASHINGTON — The State Department, reacting to a plea by an unusual congressional coalition of blacks, conservatives and liberals, has reversed its policy and proposed that more than 15,000 Ethiopian exiles be allowed to remain in the United States and not face deportation hearings.

The State Department proposal follows passage of a series of strongly worded resolutions in the House and Senate urging the administration to revise its policies toward Ethiopian students and refugees who fled to the United States to escape the Marxist regime that took power in Ethiopia in 1974.

Since the takeover, there have been accounts of widespread religious and political persecution in Ethiopia.

In 1977, the State Department granted "voluntary departure" status to Ethiopians in the United States, allowing them to remain in the country indefinitely.

Hearings Started

Last August, the State Department said Ethiopia had stabilized to a considerable degree and recommended the cancellation of the program that allowed Ethiopians to remain. The Immigration and Naturalization Service started deportation hearings against Ethiopians, a move that angered several members of Congress, especially from the Los Angeles and New York City areas, where there are large Ethiopian populations.

While government sponsored killings and disappearances in Ethiopia have ebbed, by no stretch of one's imagination should the United States forcibly repatriate

individuals to this government," said Rep. Julian C. Dixon, Democrat of California.

Rep. Dixon has co-sponsored a resolution with Rep. Jack F. Kemp, Republican of New York, urging the State Department to revise its proposal and grant "voluntary departure" status to all Ethiopians who came to the United States before 1980.

Since 1980, Rep. Dixon said, most Ethiopians have come to the United States with the sanction of the government there.

Regime Called Barbaric

Rep. Kemp said that if the State Department deportation effort continued, it would lead to imprisonment or possible death for many Ethiopians who had lived in the United States. He called the Ethiopian government "one of the most barbaric in the world" and said the regime had tortured and killed thousands of people, including children.

Senate aides said Elliott Abrams, assistant secretary of state for human rights and humanitarian affairs, led the move to revise official policy toward the Ethiopian refugees.

State Department officials said that in recent days, Walter J. Stoen, Jr., deputy secretary of state, had written to Attorney General William French Smith seeking a change in the rules to make them conform to the Dixon-Kemp resolution. As attorney general, Mr. Smith oversees the immigration service, which handles deportation hearings.

Although several hundred notices for deportation have been sent in the last year, no Ethiopians have actually left the United States, according to Senate aides.

Uganda Says Libya Backs Insurrection

By Martin Tolchin

New York Times Service

WASHINGTON — Federal and congressional authorities investigating allegations of sexual misconduct and drug use involving Capitol pages and members of Congress have said that the sexual charges had not been substantiated but that the drug charges appeared more valid.

Where there's smoke there's fire, as far as the sex charges are concerned," a congressional official familiar with the investigation said Tuesday. He added, however, that with regard to the drug charges, "there may be a small fire."

Rep. Robert D. Dornan, Republican of California, said his Capitol Hill office had been used this year as a base by an undercover narcotics agent investigating the alleged use of cocaine by "half a dozen" congressmen.

Three separate investigations are being conducted, apparently with little coordination. A federal grand jury is investigating the drug charges; the Justice Department's public integrity section and Federal Bureau of Investigation agents are focusing on the sex charges, and the House Ethics Committee

Congressional Pages' Allegations Of Sexual Misconduct Unproven

By Martin Tolchin

New York Times Service

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is investigating the entire range of charges, including allegations that cocaine was used by members of Congress to seduce pages into homosexual relationships.

Pages are high school students, 14 to 18 years old, who are appointed by senators and representatives to serve as messengers and to perform a variety of chores. The Senate has 30 pages and the House 71. They earn salaries on the basis of \$9,090 annually but usually work only nine or 10 months a year.

The allegations of sexual misconduct were made last month by two former pages, Leroy Williams of Little Rock, Ark., and Jeff Opp of Denver. The drug charges stem from an undercover investigation.

A task force of federal drug agents and District of Columbia police officers arrested three men in April on charges of possessing cocaine with intent to distribute it. One of the men was a former page, and another has reportedly implicated two members of Congress from California in his testimony before the grand jury. Spokesmen for the two representatives have denied the charges.

Federal law enforcement offi-

cial say they have found no evidence of a drug ring but merely several instances of personal possession and use of cocaine. Accordingly, narcotics agents from the Federal Drug Enforcement Administration are no longer participating in the investigative task force with District of Columbia police officers.

Steven R. Valentine, a former page now working as an assistant in the Indiana attorney general's office, said Tuesday that Senate staff members had sold drugs to pages during his tenure, which ended in June, 1974. He also said that friends had informed him of two congressmen who had allegedly had homosexual relations with pages. One is still serving in the House, and the other was defeated for re-election.

Mr. Valentine recorded these experiences in a book, "Each Time a Man," published in 1978 by the Friends United Press of Richmond, Ind. A copy is on the shelves of the Senate library.

"When I was a page, I knew of at least two homosexual congressmen, as did most everyone else at Capitol Page School," Mr. Valentine wrote.

Longtime Castro Aide, Raul Roa, Is Dead at 73

The Associated Press

MEXICO CITY — Raul Roa, 73, Cuban foreign minister for 14 years under Fidel Castro, died Tuesday, according to a report from Havana. He had been in Mexico for several days.

One of Mr. Roa's last acts before stepping down in 1973 as foreign minister was to sign an anti-backing accord with the United States.

Born in Havana, Mr. Roa became an eloquent orator and journalist who spoke and wrote for leftist causes. He became Cuba's foreign minister in 1959, shortly after Mr. Castro seized power.

Mr. Roa was instrumental in guiding Cuba toward a close alliance with the Soviet Union. He was an architect of Cuba's policy of supporting leftist revolutions in the rest of Latin America.

Mr. Roa was a member of the ruling Communist Party's Central Committee, a member of the Council of State, which is an advisory body to Mr. Castro, and vice president of the National Assembly of Popular Power, Cuba's equivalent of a legislature.

Frederick Jager

SAN FRANCISCO (UPI) — A former Metropolitan Opera tenor, Frederick Jager, 85, died Monday. He served as chairman of the voice department of the New England Conservatory of Music for more than two decades before moving to San Francisco in 1970. In recent years he taught privately.

Franklyn Waltman

NEW YORK (NYT) — Franklyn Waltman, 79, a political columnist for The Washington Post before serving as director of publicity for the Republican National Committee from 1938 to 1941, died Sunday. He was director of

public relations for the Sun Oil Company from 1943 to 1965.

Bishop Reuben H. Mueller

Compiled by Our Staff From Dispatches

NEW YORK — Bishop Reuben H. Mueller, 85, president of the National Council of Churches from 1963 to 1966 and a leading United Methodist ecumenist, died of a heart attack Tuesday in Franklin, Ind.

Libya was a strong supporter of the administration of the former Ugandan dictator Idi Amin and was reported to have given him sanctuary when he was driven from Kampala in 1979 by Tanzanian troops and Ugandan exiles.

The internal affairs minister said the Libyan envoy had discussed with Mr. Obote joint efforts to normalize relations between the two countries.

Libya was a strong supporter of the administration of the former Ugandan dictator Idi Amin and was reported to have given him sanctuary when he was driven from Kampala in 1979 by Tanzanian troops and Ugandan exiles.

He said the Libyan minister for atomic energy, Abdul Majid al-Goad, had told Mr. Obote last month that Ugandan dissidents had approached Libya for aid but it was said to have been refused because the Tripoli government accepted the results of the December, 1980, vote in which Mr. Obote was elected president.

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Marines to Lebanon?

Reagan Must Set Conditions

From THE NEW YORK TIMES:

The Palestine Liberation Organization, deposed, squats in its Beirut bunkers and shouts out "conditions" for its departure. It is down to its last weapon: a Samson-like suicide that would destroy half of the city.

The victorious Israelis threaten Beirut, feigning attack each morning, proclaiming a cease-fire each dusk. They have the means but not the will for a bloody battle.

The rival Moslem and Christian Lebanese, though they beg the combatants to go, live in terror of the tribal conflict that any void would produce. They trust each other even less than they trust the Palestinians or Israelis.

No wonder America's man-in-the-middle, Philip Habib, is calling for the Marines. By offering a battalion of them, President Reagan begins either a shrewd intervention or a disastrous blunder. It all depends on the president's terms.

The worst thing would be to send the troops without a political brief, as mere Samaritans to rescue everyone from reality. Sent ashore only to police a truce, the Marines would bail out the defeated PLO, disguise Israel's failure to achieve its political aims and relieve the Lebanese of the pressure to create their own effective government.

But after the bailout, what? Probably nothing. The Palestinians and Israelis, and the various Lebanese factions, would go on denying their main problem—how to coexist. For all the costs of this battle, there

would still be no stable Lebanon, only a new ward for international policemen.

The right kind of intervention, now that all parties are panting for it, would set conditions that begin to shape events:

- From the Lebanese, Mr. Reagan needs an understanding that liberation from the Syrians and the PLO is no license to resume civil war. The Marines will stay a time only if a coalition of Lebanese leaders moves to create a viable new order. America will help a revived Lebanese Army; it will not stand guard over unfettered private armies.

- From the PLO, he needs acknowledgment that Washington, not Moscow, holds the key to concessions from Israel. He should offer to deal with a Palestinian political movement that stands for a national cause instead of radical terror, and that envisions coexistence with Israel.

- From the Israelis, he needs an understanding that their dependence on the United States requires respect for American interests in the Middle East. America will extricate them from Lebanon, and let its aid cover the costs, only if they finally face up to the deeper Palestinian problem: They need to halt the annexation of the West Bank and yield some autonomy to the Palestinians.

Confronting a set of exhausted policies, the president of the United States now has the chance to proclaim his own. Send the Marines, but on a worthy errand.

A Strictly Limited Mission

From THE WASHINGTON POST:

At a certain point, American efforts to defuse the crisis in West Beirut were almost bound to lead someone to say, "OK, you do it. This has now come to be the limit of our plan: If Lebanon, Israel and the PLO agree, American troops and ships, with other foreign country, would loosen the Israeli noose around Beirut and escort the PLO's besieged forces to places where they would be unable either to abuse Lebanon or to attack Israel. It is a risky maneuver but one with enormous political potential. President Reagan is right to see if it can be worked out.

Of the two critical requirements of this initiative, the first is that its operational dimensions be clearly defined. The purpose is not to police Lebanon indefinitely for Israel, as Jerusalem earlier suggested, but to do a one-shot service at the behest of the Lebanese government. Guns are plentiful and nerves taut in Beirut; Marines could be ideal targets for terrorists. Nonetheless, American forces would be entering Beirut in circumstances of a formal cease-fire. Lebanese, Israelis and Palestinians all would seem to have a power-

ful interest in seeing a cease-fire observed. The second critical requirement is to tie the immediate mission of the relief of Beirut to longer-term political goals. In Lebanon, the United States cannot become the arbiter of the internal compromises that are essential to reconstituting a central authority. By removing the PLO, however, the United States can then insist that Israeli troops quit Lebanon, too—immediately. It is not for the United States or Israel or, for that matter, Syria to say how Lebanon should be put together. It is for all foreigners to clear out and let the Lebanese cope on their own.

In its free-swinging Beirut days, the PLO used to guard, informally, the American Embassy. Now the United States may become, at least for the period of passage, guardian of a reduced and humbled PLO. Will something more come of this strange evolving connection? It's early to say. One consideration should be foremost: A PLO that accepts Israel's right to exist and agrees to pursue its goals in political channels would be a very different organization from the one the United States has held at arm's length until now.

Other Editorial Opinion

Reagan's Pipeline Decision

A major row has broken out over President Reagan's sudden decision to impose sanctions against the gas pipeline between the Soviet Union and Western Europe. European governments are bitterly angry—much angrier in private than they have allowed themselves to appear in public. Since President Reagan cannot stop the pipeline anyway, he has probably achieved precisely the opposite of what he claims to want. Instead of imposing real economic costs on the Soviet Union and sending a signal of Western determination, he has blown a large hole in alliance unity. The Russians must be absolutely delighted. They will get their pipeline and the earnings from it, though perhaps a little later than planned, and now they have the added bonus of seeing the West divided.

—The Times (London).

President Reagan is on a collision course with his allies in Western Europe that can result in irreparable damage to unity in the North Atlantic Alliance.

—Dagbladet (Oslo).

President Reagan has criticized Norwegian policy in this matter. The criticism is unwarranted and also quite surprising. Norwegian authorities have repeatedly explained that Western Europe's gas needs cannot be covered by Norwegian gas fields alone. It seems that it is necessary to explain the fundamental realities to him again.

—Vardens Gang (Oslo).

A Crisis of Confidence

"They're on the ropes—just a little bit more and we'll have 'em." Ronald Reagan is said to have told a Paris interlocutor at the time of the Versailles summit. Clearly, this is the spirit in which the Americans approach their negotiations with the Soviets on strategic nuclear arms and on Euro-missiles.

The economic mess in the East, the contin-

ued delay in renewal of the top leadership, the Kremlin's inability to extricate itself from the twin impasses of Poland and Afghanistan, the enormous cost of the support furnished to Cuba, Ethiopia, Angola and Vietnam, the total Soviet passivity in the face of the Israeli intervention in Lebanon—all this, plus the mediocre showing of Soviet arms in the hands of the Iraqis and the Syrians, confirms the "California Gaullists" in the belief that it is time to exert maximum pressure on the adversary to bring him to heel. From the allies they want help in exerting that pressure—support for their policies in all areas.

Policy toward the Soviet Union is of course not the only issue in contention—although most European leaders agree in the view that the United States has an overly simplistic approach to the matter. The Soviets have in the past shown such a capacity for adapting to pressure that nothing proves that aggravating their economic condition, especially if it were to be done by stepping up the arms race, would necessarily lead to an easing of their diplomatic line. One might just as well expect the contrary. No, the core of the current malaise is a crisis of confidence.

A crisis of confidence, firstly, in military protection whose plausibility has diminished seriously since the Soviet Union has been in a position to dissuade U.S. first use of nuclear arms. But also in persons. Helmut Schmidt made no secret a few years ago of his scant respect for Jimmy Carter. Schmidt feels the same about Ronald Reagan, whose mastery of the issues is so shaky that when he speaks at summit meetings he recites texts prepared for him by his advisers, which his actor's memory has helped him to learn by heart.

The president's entourage is made up of men with no particular experience in foreign policy. That is true in particular of his national security adviser, William Clark. What is more, their many mistakes in economic policy hardly argue for the effectiveness of their foreign policy.

—Le Monde (Paris).

Worrying About Lebanon and Reagan

By James Reston

WASHINGTON—One way or another, the military forces of the Palestine Liberation Organization are probably going to be drummed out of their bunkers in West Beirut—blown out or starved out by the Israelis or invited out by a coalition of Lebanese leaders moves to create a viable new order. America will help a revived Lebanese Army; it will not stand guard over unfettered private armies.

The Begin government in Jerusalem would prefer to get them out of Lebanon without any more loss of life among its own troops or the Lebanese, so that it could withdraw within its own borders, secured by an international military force, including troops from the United States.

Larry Speakes, the White House spokesman, had decided "in principle, if the government of Lebanon should formally request our assistance, we would be willing to contribute U.S. military units to such a force if needed for temporary peacekeeping arrangements."



There are several cautious qualifiers in this statement, and no wonder. The Senate majority leader, Howard Baker of Tennessee, has told Reagan he is opposed to putting American troops in Lebanon and believes a majority of Congress feels the same way.

Reagan, who has suddenly decided he should pay attention to foreign policy, may not have the last word. At no time since the formation of the state of Israel has its support on Capitol Hill been as weak as it is now.

As long as the existence of Israel seemed to be at stake in the previous Arab-Israeli wars, the support of Washington was assured, even when officials did not always approve of the Israeli military and diplomatic tactics.

But while the Reagan administration tolerated Israel's bombing of the Iraqi nuclear facility earlier this year, and understood its decision to drive the PLO out of artillery range of the Israeli borders (even though Washington had no advance warning), it did not believe that Israel's security was really at stake in the recent Middle East war, and it was appalled by the extension of the invasion into the center of Beirut with the tragic loss of civilian life, inflicted by American arms provided for "defensive purposes."

The U.S. Congress does not really believe in Begin. It not only opposed his savage military sweep on Beirut and his policies against the Palestinians on the West Bank and Gaza, it felt so strongly that its members could scarcely hold their tempers or mind their manners on his recent visit to Washington.

It will be very hard to get the present Congress to go along with Reagan's vague promise to put American troops into Lebanon. Members will want to know whether they are acting to defend

By Meg Greenfield

the borders of Israel from PLO terrorist attacks, which they might be willing to do, or whether the troops would be defending Israel's anti-Palestinian policies on the West Bank and in Gaza, which they would certainly not approve.

There is another serious problem, namely that Congress is wondering not only about the judgment of Reagan. Everybody seems to agree in Washington that there is a crisis in the Middle East that has reached a very sensitive point. But the president is off in California.

Former Secretary of State Al Haig is down in Virginia licking his wounds, leaving the State Department to two old Foreign Service pros, Wally Stoessel and Larry Eagleburger, who stick around in the crisis but really want to get out.

All this is known to the leaders of Congress and the Atlantic alliance, and to Begin in Jerusalem and the divided leaders in the Arab world, not to mention the Russians and the Chinese, who wonder what is going on.

The NATO allies are furious over Reagan's opposition to their pipeline trade with Moscow, while he continues grain shipments to the Soviet Union. They wonder about his latest space adventure with secret military purposes, while the Russians were exploring a Frenchman on the latest Soviet space explorations. And also about the president's economic policies and the high interest rates that are facing the capitalist countries with the most serious economic problems since the worldwide Depression of the 1930s.

So there is a bit of a problem for Reagan when he comes back from California. In Washington, with the "resistance" of Haig, the major theme that Reagan is now in complete charge of foreign policy, more "comfortable" with the advice of his California associates. And this is what is now worrying everybody except the Democrats.

The New York Times.

Americans and Israelis Start Talking Straight

By Meg Greenfield

iousness of their situation has added yet another pressure to accept without complaint their actions and their decisions. Every element of their government policy seems to be transformed (in argument) into an essential feature of their national survival. Thus, whoever argues that the military logic that follows, someone willing to put Israel's very existence at risk.

The recent actions of the Israeli government have broken more than just certain constraints in discussing Israel that are felt by many Americans. It has broken, too, the unrealistic insistence by many that Israel was and must remain morally a kind of superhuman state, one that exists on a plane outside of nature and normality.

It is not. Yet it should honor, respect and support it for its real strengths and virtues and for its democratic values, and how like crazy when we believe these are being perverted or misused.

We should think of the Israelis as real people, in other words. Too often in history they have been regarded as something else.

And we should thank Begin. His utterly outrageous, go-to-hell behavior in Washington was nothing if not human and normal and wanted nothing so much as a kick in the pants or at least a good shout back. I think he got the latter from the assembled senators. The Israelis and the Americans could see each other as they were and hear each other plain for once. This is the way it ought to be.

Newsweek.

For Italians, a Summer Designedly Off Balance

By Enrico Jaccia

ROME—When thousands of people waving the national flag and driving cars and motorcycles at top speed paraded Rome Monday, some people thought the confrontation between the right and the left had erupted in a final clash. But not yet. The outburst of patriotic feeling was in celebration of victory over Brazil in World Cup soccer.

A few days earlier, another mass demonstration had paralyzed the city when half a million workers converged in hundreds of buses, 30 special trains and three ships from Sardinia and Sicily. No amphibious landings were required, but the assault gave foreign visitors the uneasy feeling that they might be in Beirut.

The confrontation between employers and the labor unions is mounting angrily. We expressed the view last month (IHT, June 11) that the abrogation by the private manufacturers of the *scala mobile* (automatic raises tied to inflation) differed from the periodic arm-twisting that is almost normal in industrial relations. The Communist Party leader, Enrico

Berlinguer, confirms this early impression in an editorial in L'Unità, the party's newspaper.

"It is only the beginning," he said, of a clash likely to escalate rapidly because the issues at stake are of "enormous importance" for workers. The struggle that began with a general strike on June 25 and the huge demonstration in Rome has a political character—continued the Communist leader—reflecting the determination of workers to fight for a "new economic policy."

It would be a state-run economic policy, if the Communists are coherent with their doctrine. In a country where the public sector already controls between 50 and 60 percent of the economy, Berlinguer's words are widely interpreted as a declaration of war on free enterprise.

Yet the move by the private manufacturers' association (Confindustria) to abrogate the *scala mobile* at the end of this year has been gathering support. The association of state-

owned industries is following suit. Shop owners (Confindustria) and other large sectors of the economy have shown sympathy with the Confindustria initiative.

Who is behind the manufacturers? Would they dare embark on a move which may have such unpredictable consequences without the backing of the Christian Democrats? Most observers think that the party is giving Confindustria considerable support.

Not that Christian Democrats are unanimously concerned with the survival of free enterprise in Italy. In fact, the party's present secretary-general, Ciriaco De Mita, heads a powerful group whose views carry weight with the Catholic unions, which are often more aggressive than the Communists. In the general view, what the Christian Democrats want is to throw the government off balance.

The frontal clash between employers and trade unions may indeed provoke yet another government crisis. Who would benefit? The Christian

Democrats? Or the Italian Socialist Party, which has increased its ambition under the leadership of Bettino Craxi? Amid the uncertainty, Premier Spadolini has been maneuvering skillfully to stay in power—although he may be forced to resign any day.

Prospects for this summer are not bright. The coalition government, weakened by unremitting infighting, has been unable to control the rising public deficit; austerity measures are needed to fill a huge gap estimated at between \$30 and \$70 billion. Workers are becoming increasingly restless, with the full weight of Communist Party support; angered by the abrogation of the *scala mobile*, they will not readily accept budget cuts that would necessarily affect health and Social Security benefits, transport fares and electricity bills.

It would be wrong, though, to be overly pessimistic, at least until the fall. This is a Mediterranean country with plenty of sun in the summer and a reputation for true, historically documented miracles.

International Herald Tribune.

Well, Maybe One Day We'll Find Out

By R.J. McCloskey

WASHINGTON—Alexander Haig resigned as secretary of state because:

- he disagreed with President Reagan on the Soviet gas pipeline;
- he opposed a tough U.S. line in dealing with Israel;
- he was refused presidential permission to go to Israel;
- he was refused permission "to go to the source" in Cuba;
- he was unimpressed on American policy regarding China;
- he was "sandbagged" by the White House "gang of four";
- he would not negotiate with a "company commander";
- he basically failed to make the White House understand that "vicer" really means "pope";
- he was not happy with his seat on Air Force One;
- he wants to run for president.

All, one or various combinations of the above have been advanced in newspapers and magazines and on the networks as reasons for Haig's decision to quit after 17 months. Nature may be content merely to abhor a vacuum, but the media are compelled to invade it. The result this time has been a torrent of speculation drawn from little more than a trickle of on-the-record information.

There was the terse, awkward but stunning announcement by President Reagan that the resignation had been accepted and that George Shultz was his choice to succeed Haig. In

turn, read his letter for the occasion, which was pregnant with "the foreign policy on which we embarked together was shifting from that careful course which we had laid out," but devoid of explanation.

That, to date, is the public record, with the addition—by subtraction, rather—of the president's subsequent conference admission: "I don't think there's anything that in any way would benefit the people to know or that will in any way affect their good judgment." Next question.

Predictably, then, the underground explanations emerged. First, nameless White House officials fed the void. More words were devoted to Haig's hubris than to the presumed policy differences or to how the administration hopes to reconcile them. Anyhow, enough was put out to sustain the news columns and network specials through the weekend. The Washington Post alone published a dozen stories in two days.

Managing the flow, the critics leaked word that: Haig had put himself into a box; that he didn't want to resign so much as threaten to; that he really preferred to stay on the job.

"I don't want to resign," Haig was quoted as saying after informing the president he had already drafted a letter. And then it was leaked that the president still hadn't seen the let-

ter when he made the announcement. The net of these stories was to answer the insiders' question: Did he jump or was he pushed? The answer is apparently both.

To counter this a few days later, Haig's "close associates" got into the act. According to these similarly unnamed sources, The Washington Post reported, Haig had been "sandbagged." One said, "Haig did not realize that complaining to the president meant resignation." Haig felt he had been "set up," "entrapped" by a hostile White House staff.

It has been a journalistic circus. Time and Newsweek dispensed long, intimate accounts with Haig on one cover, Shultz on the other. Columnists have produced historical analogies, the most obvious with Cyrus Vance, who quit in a clean break over President Carter's effort to rescue American hostages in Iran. This inspired one columnist to compare the differences between Haig and Vance to that between Thomas More and Martin Luther.

The reported outpouring on this case grossly exceeds the thimble of official information. The public has been given too much to read and too little to comprehend. Reagan is in California on vacation. Haig was last seen playing golf in Virginia. The situation begs for enlightenment from both, but that will take a while. Meanwhile, I'm going fishing.

The Washington Post.

East, West Both Look For Water

By Bruce Stokes

WASHINGTON—The United States and the Soviet Union both face impending water shortages that could undermine their food production, driving up food prices over the world. The two superpowers have recently chosen opposite strategies to solve the problem.

After decades of debate, the Kremlin has approved a plan to reverse several northward flowing rivers bringing water to parched southern Russia. Only a week after the Soviet decision, voters in California soundly rejected a proposal to build a giant irrigation canal, in favor of using existing supplies of agricultural water more efficiently.

These contrasting choices reflect the dilemma confronting a rare short world: Dramatically cut back on water use, or take on the awesome task of changing the face of nature. While it is impossible to generalize from one example, it is noteworthy that when citizens made the choice they preferred water conservation.

By the end of the century, increased demand for world water supplies is expected to create numerous regional water shortages. Since agriculture accounts for nearly four-fifths of all water consumption, farms will be the hardest hit. The problem, urgent in lush California valleys, is the dry but potentially verdant plain of Soviet Central Asia.

Gold made Asia famous, its water made it rich. As America leading food producer, it uses more than one-quarter of the country's irrigation water. The specter of shortage prompted the state legislature to approve a plan to build the Perimeter Canal to increase water imports from the north. Cost estimates ranged from \$5.1 to \$23 billion.

Opponents argued that greater use of sprinklers and drip irrigation could improve irrigation efficiency 5 to 1 percent. A 1978 Rand Institute study concluded that improvement in the efficient use of state water could for stall or eliminate "the need for constructing expensive new water facilities." Voters agreed and defeated the proposed canal by a 3-to-2 margin.

Farmers in the Soviet Union have even more pressing water problems. According to Soviet agriculture specialist Thane Gustafson of Harvard University, "the entire irrigation program is threatened because the southern half of the country is run short of water." This area is the Soviet breadbasket, and increased harvests are desperately needed there to stem rising food imports.

The Soviets plan to divert water from Siberia and northern Europe. Russia. The Irtysh and Ob rivers will be dammed and their water pumped south in 1,400 miles of dry river beds. Farmers of Kazakhstan will use the water for irrigation before it is dumped into the shrinking Aral Sea.

A second proposal involves transferring water from the rivers of the Volga River. New water would be made available for irrigation as well as to help revive the dying Caspian Sea.

There is great potential for water conservation as an alternative to these Soviet projects. Water losses of 40 to 50 percent caused by seepage and evaporation are typical of Soviet irrigation systems. Lining canals with better irrigation management would save significant amounts of water. Such a strategy was proposed in the '70s but apparently lost favor.

Both the Soviet and the American decisions could ultimately be reversed. Water conservation is easy to advocate, but getting farmers to change irrigation practices, lin canals and use water-conserving technologies and plant varieties will be difficult and expensive.

The idea for a Siberian canal has been shelved many times because of the cost. The canal could be put off again, but sharply decreasing food supplies and the Soviet penchant for large-scale engineering projects suggest that they may go forward.

If water conservation in California fails, the cost to the public treasury and to the environment will be small. The option to build the peripheral canal always remains. But even if Soviet water diversion schemes succeed, the economic and ecological costs will be staggering. Limiting the canal pated benefits to farmers and society

The writer is a senior research fellow at the Worldwatch Institute.

LETTERS TO THE EDITOR

Mennhin Defended

I take the greatest possible exception to Joseph McEllan's article, incomprehensibly entitled "Citharing



While Mick Jagger Burns" (IHT, July 1). I do not understand the purpose of the article at all, unless it was to denigrate the art of great musicians against some of whom McEllan seems to have a personal grudge—through aside remarks such as "Not only do you get musical expression

from Itzak Perlman, you get his facial expressions at no extra cost."

As for what McEllan says of Yehudi Menuhin, it is unforgivable. Not only has Menuhin become a legend in his own lifetime as a world citizen whose concern for and devotion to humanity is at least as important to him as his music, his music itself has brought comfort and happiness to millions of people for over 50 years—and will continue to do so for as long as there are ears to listen to it.

Those of us who were in Paris in 1945 after it was liberated will never forget the concert he gave at the Opera, at which his music became a symbol of the freedom we were at last tasting after four years of occupation.

JEAN-PAUL BERTHELOT, Geneva.

I protest the ignorant and thoughtless impertinent reference to Mennhin. This great man's profound artistry is a wonder of our time.

MARTIN LOVETT, Amadon Quare, London.

Washington Post music critic Joseph McEllan writes: "Reputation usually lags behind performance, on the way up and on the way down. Mennhin burns upon the scene in a child prodigy, and for half a century he remains one of the world's top virtuosos. For several years now his technique has no matched that of the average graduate of a good conservatory, but he continues to play to standing ovations."

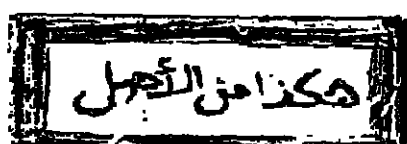
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ARTS/LEISURE

'Blade Runner' and the Surge of Film Gore

By Glenn Collins

NEW YORK — The film is called "Blade Runner," a detective story set in the year 2019, and it has won praise for its lavish and detailed depiction of the Los Angeles of the future. The movie also contains scenes of grisly sadism that are perhaps unequalled in recent popular entertainment.

Roy Batty, a "replicant," an artificial human, slowly crushes the skull of his human creator, to the accompaniment of "Dolby sound effects."

The detective character played by Harrison Ford shoots a "replicant" woman in the back several times. She crashes through five large windows, and the audience is treated to clinical views of her bloody wounds and her corpse's staring eyes.

Batty breaks two fingers of the character played by Ford. The finale of the film depicts the terrorizing of one of another protagonist, including the shooting of a "replicant" woman in the torso. We see her violently writhing and dying, and the film then cuts back again to the sight of her bloody corpse. Then Batty is shown putting his finger in the wound and licking her blood.

Although the debate about violence in films and on television has continued for years, new concern has arisen from the release last month of the federal government's update of the 1972 Surgeon General's report on the adverse effects of televised violence on the young, and from the attention given in recent weeks to the trial of John W. Hinckley Jr., whom prosecutors charged modeled his behavior on the film "Taxi Driver."

"Blade Runner" contains many rough-cut-up scenes that might be expected in any classic private-eye vehicle. But the vivid depiction of gore, and the plot emphasis on aggressive behavior, seems to raise to a new level a trend evident in many recent mass-audience science-fiction or fantasy movies that attract large youthful followings.

These films are not billed as horror movies or shock epics like "Texas Chainsaw Massacre," in which bloody scenes are often expected by the audiences attracted to them. Many of these movies are seen by children, brought to theaters by their parents despite a PG rating. "Blade Runner" is rated R, but is expected to draw a youthful following because of its science-fiction theme, its star, Harrison Ford, its score by Vangelis, who composed the "Chariots of Fire" theme, and the direction by Ridley Scott, whose last effort was the popular "Alien."

Gratuitous bloodshed and violence is dangerous," said Scott. "I think it does inspire violence. Children must be affected by it. It's inevitable."

He agreed that moviemakers are currently obliged to show bloody scenes. "I think the average thriller these days enters a gratuitous area, for increasing box-office sales," he said. Commenting about excessive violence, he said: "That kind of thing, I think, it denigrates the whole industry."

How, then, did he defend the bloodiness of "Blade Runner"? "Well, I don't think the film is gratuitous in terms of being a detective story," he said. "If you have that kind of story, violence is going to come."

But why did the film go in a such a gory direction? Other detective films have found alternative ways to suggest violence. "It was to show the power of the replicants," he said. "The violence involved in each instance was to show how hard it was to stop them."

Scott expressed dismay that his film might be viewed as excessively violent. "We kept it restricted," he said. "This was the cut version. The demonstration of violence in the scenes was cut back."

Why was it necessary to keep returning to the bloody torso of the murdered replicant woman, and Batty tasting her blood? "But he has lost his mate," responded Scott. "The blood is a trigger point for him. He touches the blood and uses the blood as a warrior might use war paint. The Indians used to do that, you know."

Nicholas Meyer, who directed "Star Trek II: The Wrath of Khan," and the 1979 film "Time After Time," agrees that many movies are too gory. "Lots of movies are gratuitously violent," he said. "They pander to audiences—certainly, it's a form of pornography."

Wouldn't the point have been made in a less gory way only a few years ago? "I can't answer that question," he said. "I have no explanation for the blood. More would have been too much, and less wouldn't have been enough. We got off the blood pretty quick."

Was he concerned that children would be disturbed by the scene of a bloody corpse in the space station? "It's a PG movie," he said. "I never thought that either 'Star Trek' or 'Time After Time' should be seen by young children."

When asked whether he was aware that many children were seeing the new "Star Trek," he said, "You can't blame the filmmaker for the parents who don't heed the rating system."

Indeed, most of the movies in question are rated PG. However, many parents complain that they do not have the time or the financial resources to preview all movies seen by their children, and that peer-group pressure exerts a powerful force on youngsters to see movies parents may not approve of.

"People prefer to blame movies for the discretion that parents fail to exercise with their own children," commented Meyer. He added: "Look, blood has been a theatrical staple for hundreds of years. Read 'Titus Andronicus'—it's far more violent than anything we've seen on the screen. Talk of violence, what about 'Lear'?"

The people who make movies justify violence by saying that Shakespeare did it, or that it's somehow socially beneficial," said Dr. Leonard Berkowitz, professor of psychology at the University of Wisconsin, who has done many studies on violence and aggression.

Berkowitz cited the recent report by the National Institute of Mental Health which concluded that there was "overwhelming" scientific evidence that "excessive" violence on television leads directly to aggression and violent behavior among children and teenagers.

Moviemakers, Berkowitz said, "feel they have to be ever more extreme to give a charge to audiences."

He continued: "As people become more and more inured to violence, producers feel they have to supply more and more of it. So, 'Rocky III' is more violent than 'Rocky I.' Only a while ago, people were deploring the gratuitous violence in 'Bonnie and Clyde,' and yet one thinks of the film differently now in comparison to recent movies."

Isaac Asimov, the longtime science-fiction author, believes that the presence of gratuitous violence in recent science-fiction movies, and in any movie, is a moral issue: "Seeing these things, we get inured to violence, and that's not good for our society. A callous population is a dangerous population."

He added: "The Greek or Shakespearean portrayal of violence was not for the sake of violence; violence illuminated human motivation. But now in these violent movies there is no attempt to understand the causes, consequences and implications of violence. There is no higher art in these films than seeing a hanging or an auto-da-fé."

As a science-fiction pioneer, Asimov said he was disturbed that blood and gore had so frequently been injected into movies about the future. "It's not so much a betrayal, but a trivialization," he said.

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INSIGHTS

New Technology Brings New Concern: Where Will the Workers Go?

By William Serrin

New York Times Service

NEW YORK — As new computer-based technologies are installed to improve productivity and reduce labor costs, there is growing concern about whether the nation will create the number of jobs it needs, in regions where they are most needed and at wage levels to which many people have been accustomed.

Experts say that the new technologies, based on the computer and microelectronics, may constitute as fundamental a shift in the American workplace as the move from an agricultural to a manufacturing economy a century or more ago. And they say the development may mean wrenching change for many workers, not only here but around the world.

"We are in the midst of a revolution that will leave virtually no form of work unchanged," said Dennis Chamot, assistant director of Professional Employees Department of the American Federation of Labor and Congress of Industrial Organizations.

Some authorities predict dire consequences similar to the upheaval at the beginning of the industrial age in the last century. They say the new technology will radically change what will be required of workers and will contribute to economic disarray. Others, however, say the transition will be weathered with little permanent turmoil, much as the nation entered the age of automation three decades ago.

There are no definitive answers because little research has been done and the subject is only now beginning to attract much attention. There are some fears that the nation lacks the knowledge to make informed policy decisions or even the ability fully to explore the matter.

Wassily Leontief, director of the Institute for Economic Analysis at New York University, said a major goal of the new technologies was to reduce labor, and therefore, he said, it should not be surprising if jobs are lost. The industrial revolution eliminated much physical labor, he said, while new technology is eliminating much mental work. When the gasoline tractor replaced the horse, he said, "nobody said you can necessarily find some other jobs for the horses."

New Industries

But Jerome A. Mark, assistant commissioner for productivity and technology with the Bureau of Labor Statistics, said the prospect of negative consequences was "not as serious as it might appear."

He said that for the most part when old industries disappear, new ones take their place. He noted that the textile industry died in New England years ago but cited the example of new electronics companies in the Boston area today and said, "Boston is not a disaster area."

Short-term dislocations often occur, but long-term dislocations are relatively rare, he said, except in such places as Appalachia, where poverty has existed for decades.

"Technological displacement is occurring everywhere from the design shop to the supermarket checkout counter," said Jack Goldner, director of the AFL-CIO's Professional Employees Department.

Harley Shaiken, a work and technology specialist at Massachusetts Institute of Technology, said, "The issue is not whether we will see technological change but the rate and shape of that change and who benefits and who loses."

"This is not a problem for 1990," he said.

"This is a problem for 1982." A major danger is that the new technologies may create an increasingly polarized work force, said Mr. Shaiken, one of the first experts to explore the subject. What may result, he said, is a small number of highly skilled, high-paying jobs and larger numbers of highly routine, relatively low-paying jobs. That, he said, is a recipe for social ferment.

Some authorities predict dire consequences similar to the upheaval at the beginning of the industrial age in the last century. They say the new technology will radically change what will be required of workers and will contribute to economic disarray. Others, however, say the transition will be weathered with little permanent turmoil, much as the nation entered the age of automation three decades ago.

Karen Nussbaum, executive director of the group known as 9 to 5, National Association of Working Women, said the restructuring of the American workplace would mean wrenching change for "men displaced in manufacturing in the old work force" and women and minorities who, she said, are often employed in office positions "in the new work force."

"We are throwing out middle-level management, secretaries where it can be done, wiping out craft workers," she said.

Though there has been little research on the possible impact of advanced technology, one exception is an 18-month study begun by the Office of Technology Assessment to explore the social implications of computerized manufacturing. And the House Labor Standards subcommittee, headed by Rep. George Miller, Democrat of California, held hearings on the subject in June, with more planned later.

The International Association of Machinists, perhaps the leading union exploring the subject, recently conducted a weeklong seminar on the question and has compiled a "technology bill of rights" aimed at providing protection for workers when new technologies are installed.

The major concern that the nation has no policy to deal with problems caused by technological change is heightened by the state of the economy.

In the past an expanding economy generally seemed to provide jobs for workers displaced by technological improvements. Today the economy is stagnant and unemployment is high in many basic industries, including automobiles, steel, rubber, coal and apparel. As such industries restructure themselves to be-

come more competitive, they will turn to new technologies. A result, experts say, is that many workers now laid off will not be rehired and many who might have expected to find jobs in the older industries will find that they do not exist.

Finally, in coal towns in Pennsylvania, West Virginia and Kentucky, automobile towns in Indiana, Illinois and Michigan, and steel towns in Ohio and Alabama, economies are in disarray. And there is concern about whether the communities will regain economic strength, even if good times return.

Few people suggest across-the-board rejection of new technologies. In a paper for Worldwatch Institute, a research organization in Washington, Colin Norman wrote: "Every expert who has studied the potential employment impact of microelectronics has reached the same conclusion: More jobs will be lost in those countries that do not pursue the technology vigorously than in those that do. The reason is that microelectronics will enhance productivity to such an extent that the industries that move swiftly to adopt the technology will have a competitive advantage in international markets."

Concern about the social effects of advances in technology are probably as old as work itself.

Perhaps the most noted reaction against new machinery occurred in the early 1800s in Nottingham, England, when workers said to have been led by Ned Ludd broke new knitting frames that they believed threatened their livelihood. The name "Luddites" became synonymous with workers who forcibly resisted new technologies, although in many cases the English workers were resisting employer demands, not merely trying to save manual jobs.

In the United States in the late 1950s and early 1960s, there were widespread predictions that what had become known as automation, the replacement of manual work by machines, would bring extensive changes in the workplace and eliminate large numbers of jobs. Many of those predictions were incorrect, an error that such experts as Mr. Chamot say makes it difficult for many people to understand what is going on now.

It is exceedingly difficult to determine directly which jobs are lost and which ones are created by advanced technologies, although Mr. Shaiken says the European nations are far ahead of the United States in investigating the question.

The United States experienced extensive growth in the number of jobs from 1970 to 1980, with the work force rising from 70.8 million to 105 million. The Bureau of Labor Statistics predicts that the nation's work force will be 122 million to 128 million workers by 1990.

New technologies have established new industries: in semiconductors, computers, computer-aided design, robotics, pocket calculators, video games. New job categories have also been created: computer operators, computer programmers, computer maintenance and service workers, tape librarians.

But new technologies have eliminated or reduced jobs in such areas as meat-cutting, supermarkets, automobiles, steel, coal and printing.

Moreover, while it is generally believed that technological change will have its largest effect



Computer terminals on an inspection line at Teleride Co. in Sunnyvale, Calif. The installation of computer-based technology on the job will have a profound effect on employees, an effect that is only now receiving much attention in the United States.

in manufacturing, it is becoming increasingly clear that change is occurring in the service sector as well. The French Finance Ministry, for example, predicted in 1978 that 30 percent fewer workers would be required in that country by 1990 to do the same volume of work now being done in the banking and insurance industries.

Elimination of Clerical Jobs

Miss Nussbaum of the 9 to 5 organization said that automation would have extensive effects on office workers, including file clerks, bookkeepers, secretaries, typists and bank tellers. The vast majority of those workers, she noted, are women.

She said the new technologies would mean the elimination of many clerical jobs, and the creation, wherever possible, of positions paying only the minimum wage. Another possibility, she said, is that jobs will become much more portable, resulting in the movement of many clerical jobs from downtown areas of old cities, where they are often housed as part of renaissance strategies to rebuild cities, to suburbs and even to foreign countries.

Audrey Freedman, labor economist at the Conference Board, foresees other changes, for example, in the fertilizer industry as biotechnology makes possible plants that fix their own nitrogen, or, say, in the forest products industry as scientists perfect the chemical

manufacture of paper products. She also says that the nation lacks people trained in mathematical or scientific ways of thinking, which, she says, will be required in the highly technical workplace that is evolving.

She wonders, too, if enough jobs are not created, what will happen to people in a society in which a job not only defines a person but often provides much of the person's meaning in life.

Many American workers, she notes, are exhausting unemployment and supplemental unemployment benefits. Work, she says, has long provided "social cement" for people and the nation. If the nation's work remains in disarray, she asks, "What kind of social cement do you have?"

Conditions Vary Widely For Japanese Labor Force

By Henry Scott Stokes

New York Times Service

TOKYO — Everyone knows about well-paid, competitive Japanese workers, restless souls who make life so hard for U.S. automobile and steel workers and who, just to rub salt in the wound, have jobs for life.

But there is another, much larger class of worker in Japan, poorly paid, unorganized, insecure and unprotected. They have been rarely heard of abroad; not many foreigners penetrate to the sweatshops and little factories where they work.

The theory among labor experts in this conservative society is that since the prosperity of the 1960s, this two-tier structure no longer exists and the Japanese are just one big happy family.

Yet every year since the mid-1970s, and especially after the 1973 oil crisis, wages in small and medium-size companies have fallen further behind. Now some people are saying that nothing fundamental has changed after all.

"The gap between pay in big business and smaller firms is widening," Professor Takeo Takahashi of Niigata University wrote in *Ekonomsuto* magazine.

No Formal Guarantees

The big companies, the Mitsui and Mitsubishi, offer lifetime employment and job security. But millions of smaller firms pay much lower wages and bonuses, with no formal job guarantees, and they give few fringe benefits.

Employers with more than 300 workers have 9.3 million employees, or 23 percent of the work force. Below them, 12 million work in companies with 30 to 500 employees, and 13,750,000 more work for still smaller outfits.

At the bottom, often laboring long hours for minimal pay, come self-employed people and moon-and-pop storekeepers. The smaller the firm, the lower the pay.

Since the slowdown after the 1973 oil-price rise, average pay in businesses with fewer than 30 employees has fallen behind, from 63 percent to only 58 percent of wages in companies with more than 500 employees. Cash handouts and bonuses average close to \$1,666 a month in the big companies, but they are little more than half that at small factories.

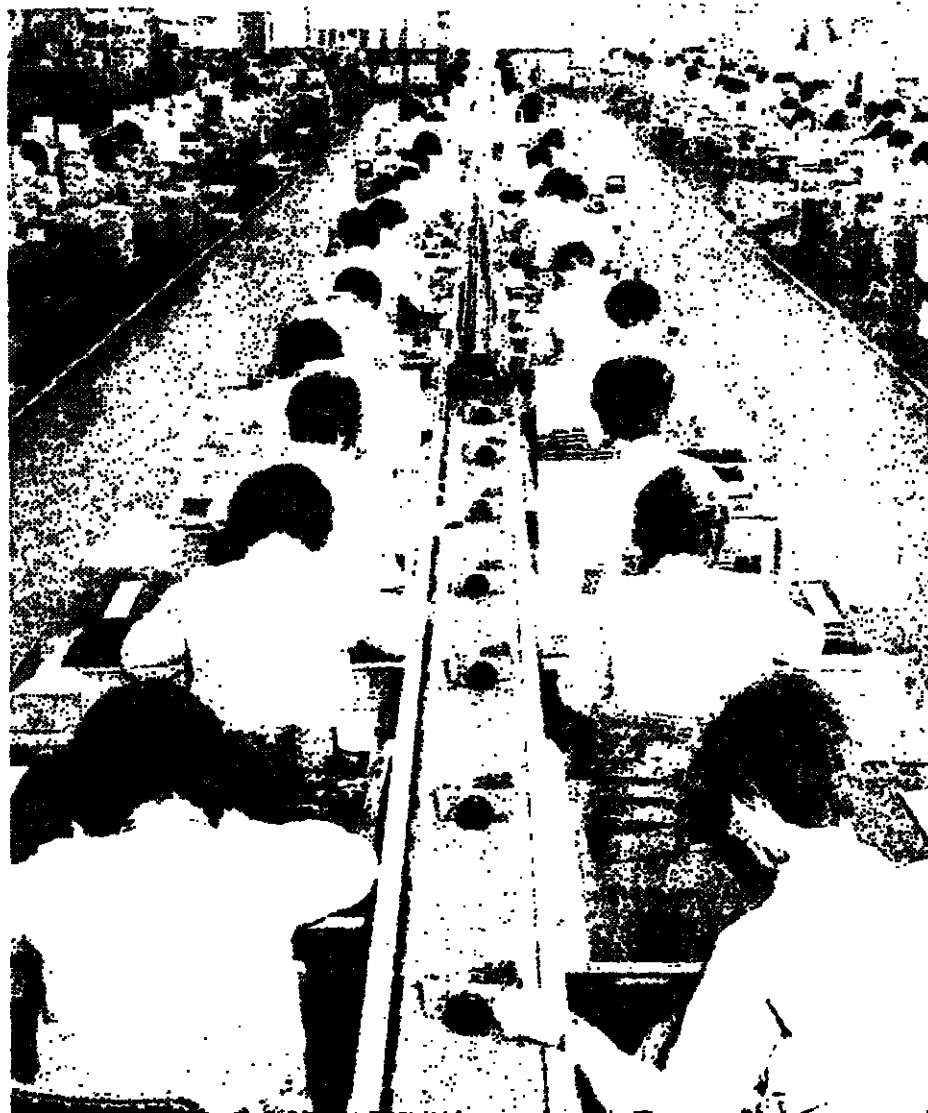
But the numbers moderate the contrast. "The smaller the company, the longer the work hours," Shozo Fujii wrote in the newspaper *Asahi*. "The gaps in welfare expenses, retirement benefits, wages in kind and training schemes are bigger than in wages and hours worked."

In the patriarchal world at the bottom, two-thirds of the businesses are not unionized, but at the top, 63 percent belong to unions, most of them being company unions.

Paternalistic Employers

Among private companies, only shipping has an industry-wide union. The powerful seamen's union has been pushing wages up for decades. In manufacturing, the big company unions do not cover workers for subcontractors and suppliers. When they are laid off, they have no redress, although paternalistic employers hesitate to let people go.

In Japan, unlike the United States, unions appear reluctant to organize lower-paid work-



On the top labor tier, workers at a Canon Camera Co. assembly plant.

ers. A spokesman for the largest federation, Sohyo, the General Council of Trade Unions of Japan, with 4.5 million members mainly in state-owned industries, argued that "wage gaps according to company size can be found everywhere; it is not a unique Japanese phenomenon."

Sohyo, which supports the enfeebled Socialist Party, feels little responsibility for organizing private sector marginal workers.

Unmatched in Benevolence

It is technically correct that Western wage scales also vary according to company size. In the United States, West Germany and Britain, pay is typically only about two-thirds as high in smaller companies as in larger ones. But in Japan, far more than in the West, bonuses and fringe benefits, and especially job security and union protection, produce entirely different environments in the two tiers.

The big companies find this "dual structure" profitable. It provides a cheap, flexible pool of unorganized workers for their subcontractors for which the mother company is not legally responsible. Japanese companies such as Toyota and Nissan Steel have many more subcontractors than General Motors or United States Steel. In hard times, these workers can be laid off at a distance.

Workers at the bottom vary greatly in background and skills. A worker for a subcontractor for Nissan Steel at Kamashi, a remote port in northern Japan, has little in common

with a part-time worker at a nuclear power plant in Tsuruga run by Japan Atomic Power Co.

The subcontractor's men at Kamashi were confident, they said recently, that Nissan Steel would help them find jobs after it cut several hundred workers from the payroll by closing a rolling mill. But few mother companies match Nissan. The world's largest steel company, in benevolence.

At Tsuruga on the Japan Sea, another remote site, part-timers were recruited by local work gang bosses to clean up radioactive spills last year. They were brought in to do jobs considered too dangerous for regular employees.

"Nuclear gypsies," workers who drift from one job cleaning nuclear power plants to the next, are exploited marginals.

They are under orders not to speak to reporters, possibly a sign of employers' guilt feelings. "This is work I am going to stop doing," a nervous employee told a visitor who came to his home after midnight in hopes the neighbors would not notice. "I am scared of what it could do to me."

Some workers at the bottom seem happier and more fulfilled than the blue-suited robots at the big companies. There is often a caring attitude in tiny shops where employers and their employees, facing insecurity together, are united by personal bonds.

But with 1270,000 Japanese out of work, the most in decades, bottom-rung workers are under increasing danger of losing their livelihood.

The Russians at the Polls: An Exercise In Fraud and Ducking the Inquisition

By Robert Gillette

Los Angeles Times Service

MOSCOW — Millions of Soviet citizens dutifully cast their ballots recently in local government elections across the country. The returns are all in now, and the official press is reporting the outcome in tones of breathless exaltation.

"A day of triumph for Socialist democracy," the government newspaper *Izvestia* called the election, adding that it was a resounding affirmation of Soviet foreign and domestic policy and "the ideals of Communism."

Pravda, a Communist Party newspaper, said the outcome showed the "high political consciousness of the Soviet people" and their unflinching unity with the party.

A television news announcer solemnly intoned that the election on June 20 of more than 2 million deputies to local Soviets, or government councils, proved beyond all question that the Soviet people unanimously support the party, the Politburo and President Leonid I. Brezhnev.

Whatever else it may have been, the outcome of the election, like the outcome of all Soviet elections, was undeniably impressive.

While some capitalist countries count themselves fortunate to draw a modest two-thirds of the electorate to the polls, Pravda said that 99.98 percent of the 177,995,382 registered voters from the Ukraine to Siberia turned out to vote "in full accord with the Soviet Constitution."

The prize for civic responsibility would seem to belong to the Central Asian Soviet republic of Uzbekistan, where official figures show that out of 7,866,374 people eligible to vote, only 22 failed to do so.

Moreover, Pravda said, out of nearly 178 million ballots cast, only 111 had to be declared invalid.

Each year, the Communist Party's Central Committee receives several million complaints — about half of them signed — covering many aspects of life in the Soviet Union. But if voters here are unhappy with chronic shortages of food and consumer goods, the war in Afghanistan, economic aid to Poland or anything else, they apparently had the good taste not to express it at the polls.

Negative Ballots

While it is true that only one candidate, approved by the party, ran for each of the 2,289,023 seats in local government councils, it was possible to vote against a candidate simply by stepping into a special booth and crossing his or her name off the ballot. Even so, only 94 of the more than 2 million candidates failed to win a majority of votes, according to official reports. In many regions of the country, candidates won by a margin of 99.99 percent, some by 100 percent.

An overwhelming turnout of voters and a stunning victory for the carefully screened candidates is a tradition in the Soviet Union that dates from the first general election, in 1937. In the Brezhnev era, election results have continued to strain credulity by creeping ever closer to perfection. This year's turnout, for example, marked a significant improvement over the 1974 elections, when 99.79 percent of the voters supported the official candidates and 173 ballots had to be thrown out as invalid.

How does the Soviet Union do it? Part of the answer is that the government mounts a massive effort before every election to persuade each person over the age of 18 —

except for prison inmates and the insane — to go to the polls. Many Russians regard elections as a meaningless exercise, but relatively few seem to see any point in drawing attention to themselves by openly refusing to participate.

Another secret of Soviet electoral success is fraud. According to several volunteer election workers interviewed, the most common remedy regarding voters who fail to show up at the polls on Election Day is the old-fashioned technique of stuffing the ballot box.

"It's just a great big show, a fairy tale," said a young engineer who was asked at his office to volunteer as an election worker.

In preparing for the June elections, the Soviet Union mobilized an army of 8.6 million

If voters in the Soviet Union are unhappy with chronic shortages of food and consumer goods, the war in Afghanistan, economic aid to Poland or anything else, they apparently had the good taste not to express it at the polls.

election workers, or one for every 21 voters, according to official figures. Most were "agitators," each of whom was assigned to call on a list of voters and see to it that they turned up at the polls.

"I had about 100 people in 15 or 20 apartments in a really bad area of Moscow," one agitator recalled. "They were dark, smelly, horrible places — communal apartments with three or four families sharing one kitchen and bathroom."

"I had to say who the candidate was, when the election would be and so on. Most people just listened. Six or seven were drunk. Only one old woman, a longtime member of the party, seemed interested. I think she was a little crazy."

Of all the people on the list, only one man refused to vote. "He said, 'You're mocking me,' and he shut the door," the agitator said.

Many Soviet citizens seem to look forward to elections for at least one reason: They present a chance to force local authorities to fix leaking roofs and toilets and solve other nagging problems.

"People tell you they won't vote unless the toilet gets fixed or the trash is cleaned out of the entry way," another agitator said.

According to one Soviet source, several thousand angry residents of Moscow's Yasnovo District, a bleak new zone of high-rise apartment blocks, signed petitions earlier this year, threatening not to vote in June unless long-promised stores were promptly opened in the district. Viktor V. Grishin, the Moscow city party chief and a member of the Politburo, is said to have looked into the problem and ordered a crash effort to put the stores into operation.

On Election Day, the government goes out of its way to make voting easy and appealing. Elections are always held on Sundays and the

day is also declared a holiday. Polls are open from 6 a.m. to midnight. Special ballot boxes are placed on trains, ships and in hospitals. Propaganda banners, red flags fluttering along every street and special television programs extolling new apartments, parks and schools make it hard to forget the day's main task — to vote. To make the task still easier, polling places often serve free coffee, tea and sandwiches, although the old practice of offering beer and vodka has largely been abandoned.

Secret Balloting

The law provides for secret balloting, but in practice one votes in secret only to cast a negative ballot. Voting for a candidate requires nothing more than picking up a ballot and dropping it into a box for all to see. To vote against the candidate, one steps into a special booth to cross off the name or write in a new one.

Just how far a dedicated election worker will go, at least ideally, to collect a single vote was suggested by a photograph that appeared a few days ago in a *Kazakhstan* newspaper. It showed a lone shepherd standing in what was obviously a remote mountain valley as a young woman strolled determinedly through his herd of sheep, smiling as she lugged a cumbersome ballot box.

Often one person will vote for his or her entire family by taking each person's internal passport to the polling place and dropping the requisite number of ballots in the box. Apartment administrators, anxious to avoid absenteeism in their buildings, have been known to provide the same service. The practice is technically illegal, but few if any election workers seem to object to anything that pushes the final tally closer to perfection.

By evening, if some voters have still not been accounted for and cannot be found, election workers said, it is common practice to check their names off the register and vote for them.

Absentee Voters

The names of those who ask for absentee ballots are immediately struck from local lists of eligible voters and do not reappear anywhere unless the ballots are actually used. The absentee voter who does not vote thus becomes a nonperson as far as the electoral system is concerned.

It is a risk-free form of protest that does nothing to bluntness the final tally. According to an authoritative estimate based on past elections, at least 4 million Soviet citizens use this method to avoid voting.

Even in the Soviet electoral system, not everything goes precisely as the plan dictates. In addition to the 94 candidates out of 2,289,023 who somehow lost the June election, 41 others dropped out of the contest. The central Soviet press has revealed no details about these absences, except that new elections will be held in these districts.

To Western analysts, Soviet elections seem to have several aims. One is to satisfy the leadership's obsessive need to demonstrate monolithic popular support. Elections are also a means of political instruction that may convince some people that they are taking part in a democratic process. And the state's ability to mobilize virtually the entire adult population in what many assume to be an utterly meaningless exercise serves as a test of the state's political control and a reminder of its absolute power.

BUSINESS / FINANCE

THURSDAY, JULY 8, 1982

Page 15

BUSINESS BRIEFS

Diamond Shamrock to Buy Sigmor

DALLAS — Diamond Shamrock has signed a letter of intent to acquire Sigmor of San Antonio, Tex., for about \$160 million, the companies said Wednesday. Under the proposal, Diamond Shamrock will exchange 444 shares of its convertible preferred stock for each Sigmor share.

The companies also said Sigmor shareholders will have the option of accepting \$17.50 in cash for each share. Sigmor is one of the largest U.S. independent petroleum marketers, with 600 retail outlets.

Sigmor's founder and principal stockholders, Tom Turner and his wife, will take stock for their 9.5-million shares. As a result, a maximum of 4.1 million Sigmor shares could be exchanged for cash. Diamond Shamrock, a Dallas-based energy and chemicals company, already owns about 21 percent of Sigmor.

U.S. Investigates Cellular Phone Plans

WASHINGTON — Joint proposals by American Telephone & Telegraph and other telephone companies to offer so-called cellular mobile telephone service are being investigated by the antitrust division of the Justice Department, a department spokesman said Wednesday.

AT&T, General Telephone & Electronics, United Telephone System and Continental Telephone have submitted plans to the Federal Communications Commission to offer the advanced mobile phone service in the 30 largest U.S. cities.

The FCC has adopted regulations to allow for two cellular radio licenses in each major city, one of which would be set aside for a local telephone company and the other for other communications firms. The Justice Department, which said the FCC set-aside provision would restrict competition, last month lost a court challenge on the plan.

Shun Loong, Bear Stearns in Venture

HONG KONG — Shun Loong, a Hong Kong-based holding company, said Wednesday that it will set up a joint venture with Bear Stearns, a U.S. investment bank, to begin operations in August. The new company, to be based in Hong Kong, will be called Shun Loong Bear Stearns.

Bear Stearns was a partner with Sun Hong Kai Securities in a joint brokerage venture, Sun Hong Kai Bear Stearns. That is being dissolved following the recent announcement of a Sun Hong Kai joint venture with Merrill Lynch.

NEC to Sell Facsimiles to U.S. Firm

TOKYO — Nippon Electric Corp. will supply Federal Express, a U.S. transport service company, with about 10 billion yen (\$38.8 million) worth of high-speed facsimile equipment, industry sources said. Nippon declined comment.

The sources said Wednesday that between 1,000 and 1,500 NEC facsimile units are expected to be used for Federal Express' electronic mail service network, which is due to start in 1984. The order would be equivalent to about 40 percent of Japan's annual facsimile exports, which last year reached 22.4 billion yen.

Elf Reconsiders Takeover of PCUK

PARIS — Sté. Nationale Elf Aquitaine is reconsidering whether to take over Produits Chimiques Ugine Kuhlmann, the chemical subsidiary of the recently nationalized Pechiney Ugine Kuhlmann, because of deterioration in parts of the chemical industry, Elf chairman Albin Chalandon said Wednesday.

He said Elf, which is state-controlled, was no longer able to set aside the 1 billion francs (\$144.9 million) a year needed to invest in chemicals, despite an estimated 14-percent rise in first half net profit.

Under a French government plan for restructuring the chemical industry, Elf would also take a majority stake in ATO Chemie, of which it now has 50 percent, and in Chloé, in which it has no holding.

Finsider Studies Australian Project

PERTH — The Italian steelmaking group Finsider/Italsider is studying the feasibility of building a 1-billion-Australian-dollar (\$1.02 billion) sponge-iron plant in the Pilbara region of Western Australia, a state government spokesman said.

Both ore and natural gas are found in the region, the spokesman said.

Norcen to Increase Stake in Hanna

TORONTO — Norcen Energy Resources will acquire 1.25 million newly issued shares of Hanna Mining for \$90 million, it was announced Wednesday. The transaction will raise Norcen's stake in Hanna to 20 percent from the current 8.8 percent.

In addition, Hanna will transfer to Norcen its 800,000 shares of Labrador Mining and Exploration and its 40 percent stake in Hollinger North Shore Exploration, Norcen said.

The eight-year agreement provides for Norcen to acquire an additional 0.5 percent stake in Hanna in each of the final six years.

Compiled From Agency Dispatches

Competition Building On London Exchange

New York Times Service

LONDON — On the London Stock Exchange, the only bright light for brokers these days is high share prices. Growing competition may result in the elimination of fixed commission rates and the securities market could be restructured.

"It's not a crisis," said H.H. Cove, an analyst at Scrimgeour, Kemp, Geo & Co., a major brokerage firm. "But the long, slow pressures of the past decade may be coming to a climax."

In the last month, such pressures led one of London's largest brokerage firms to turn to a top U.S. bank for more capital and another firm that was a leader 10 years ago to close. Rumors of other troubled brokerage houses persist.

Mercantile House Holdings, a leading British money broker, announced last month it was going westward across the Atlantic — taking a \$162 million stake in the Wall Street broker and fund manager, Oppenheimer Holdings. But most future outpourings of capital are expected to go in the other direction, now that some stock exchange rules have been relaxed.

Formerly, the London Stock Exchange limited nonmembers to a 10 percent stake in any of its 233 member firms. A new ceiling of just under 50 percent was set to enable member firms to raise needed capital while preventing any "undue influence" from outside investors. Nonmember investors still may not join members' boards and no more than 20 percent of a member firm's total business can be generated by a major shareholder.

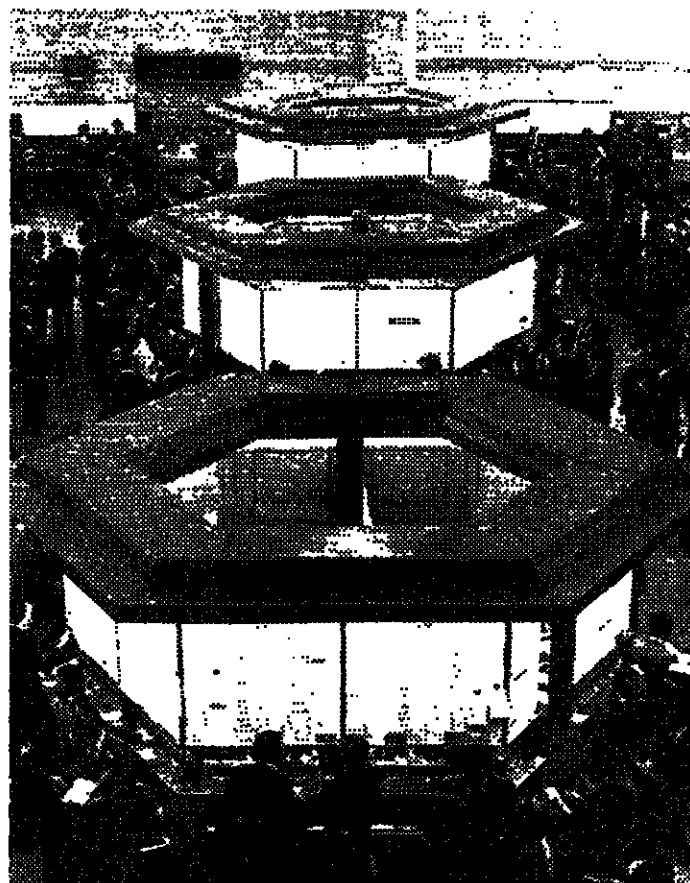
The First

Security Pacific last month became the first to take advantage of the relaxation, announcing the purchase, for a yet undisclosed sum, of a 29.9 percent stake in Hoare Govett, one of London's six leading stock brokerage firms.

Why would U.S. companies invest under such conditions? According to Frank Cabot, vice chairman of Security Pacific, "We want to be able to provide a breadth of financial services both domestically and internationally."

The advantage for the British firm, aside from substantial revenue, is "our improved flexibility," said Peter Jenks, finance director at Hoare Govett. Noting the enormous rise in the finance service industry in the United States, he said, "It must happen here, and we want to be in a position to see what is happening in the industry and have the financial strength to do whatever necessary."

The removal of exchange controls nearly three years ago has prompted London to become even more of an international financial center. "The



Activity on the floor of the London Stock Exchange.

ability of firms to compete in such a market made it more pressing for them to seek outside capital," said Graham Ross Russell, chairman of the Stock Exchange's membership committee.

Competition — in large part the result of the internationalization of the London market — has also provoked the shakeout. There is a growing demand, particularly from institutional investors, for well-managed and highly professional firms that have numerous specialized analysts

(Continued on Page 17, Col. 1)

OPEC Panel Seeks to Keep Limits, But Acknowledges Overproduction

By Nicholas Moore

VIENNA — OPEC acknowledged Wednesday that its output exceeds a self-imposed ceiling of 17.5 million barrels of oil daily, but its influential markets committee decided to recommend that a ministerial conference on Friday should nonetheless try to reimpose controls for the time being.

Oil Minister Mana Said al-Oteiba of the United Arab Emirates, chairman of the market monitoring committee, said after a meeting Wednesday that the committee would also urge Friday's full session of the Organization of Petroleum Exporting Countries to deal with the question of overproduction by some of the 13 member countries. He said they had pushed output to just above 18 million barrels daily.

Mr. Oteiba would not name the countries that have produced more than the quotas that were assigned them to fight the recent world glut of oil. But OPEC sources mentioned Iran, Libya and Nigeria.

He would not say specifically what disciplinary measures OPEC might take against the quota violators.

OPEC sources expect some sharp exchanges at Friday's session, which they predicted would probably accept the committee proposal to maintain the 17.5-million-barrel ceiling while trying to exert pressure on the quota-breakers.

OPEC set the ceiling in March, when the oil oversupply was at its peak, to defend its reference price of \$34 per barrel of crude.

Mr. Oteiba said the market has not strengthened in recent weeks to the extent that OPEC had hoped, and he said this factor combined with the overproduction to persuade the committee that the ceiling should not yet be raised.

He said the committee would propose that it meet again Aug. 24 to review the situation, by which time demand for OPEC oil should be higher. But it could meet any time before then to consider an earlier change in the ceiling if a tight market developed.

He said the aim was not to tighten the market and drive prices higher, but to maintain the \$34 reference price.

Before joining Mr. Oteiba and Belkacem Nahi of Algeria in the committee meeting Wednesday,

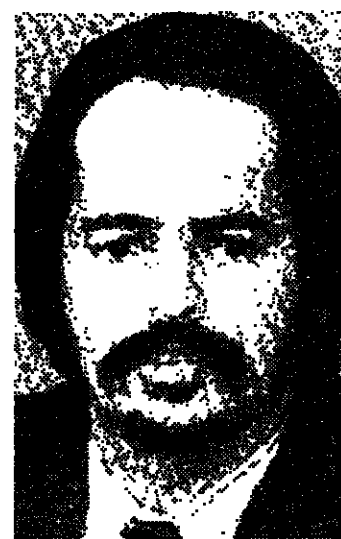
Oil Ministers Subroto of Indonesia and Humberto Calderon Berti of Venezuela said they thought a slight change in the output ceiling was possible.

After the meeting, Mr. Calderon Berti said his nation would pull out of the OPEC production-sharing pact if other members did not stop producing above their assigned quotas.

Delegates said that market forecasts put before the committee by OPEC experts were not optimistic about a rise in demand for the OPEC crudes in July and early August.

The delegates said a major un-

(Continued on Page 17, Col. 4)



Mana Said al-Oteiba

Prices on NYSE Mixed For Second Day in Row

Compiled by Our Staff From Dispatches

NEW YORK — Prices on the New York Stock Exchange closed mixed Wednesday for the second day in a row.

The Dow Jones industrial average closed up 0.76 at 799.66, but declines led advances by an 8-to-6 margin. The broader NYSE index of all stocks lost 0.08 to 61.70.

Volume rose to 46.8 million shares from the 44.4 million traded Tuesday.

Analysts said the market apparently has entered a quiet trading period in which prices could swing widely without much trading. Many traders were on vacation.

Most observers believe the market, faced with persistently high interest rates and a wobbling economy, will test new 1982 lows soon unless something major occurs.

Interest rates fell at this week's auction of new three- and six-month Treasury bills, but the declines were not great enough to exert much influence on the longer-term market.

Three-month bills sold at an average rate estimated at 12.806 percent, down from 13.269 percent the previous auction on June 28,

while the six-month bill averaged 12.976 percent, down from 13.419 percent.

Federal funds were trading higher at 15 percent, compared with an average 14.53 percent Tuesday. Dealers were surprised at the firmness in the funds rate, particularly because the Federal Reserve appeared to have been aggressive in providing reserves to the system Tuesday.

On the NYSE floor, bank stocks lost ground as analysts, following the failure of Penn Square Bank in Oklahoma, warned that the banking industry may face more severe problems from bad loans in the months to come.

Banks with exposure to Penn Square faltered, with Continental Illinois losing 1 to 1 1/4, Chase Manhattan off 2 to 3 1/4, and Seafirst 1 1/4 to 1 3/4. In over-the-counter trading, Michigan National lost 1 1/4 to 1 3/4 bid and Northern Trust was off 1 1/4 to 3 1/4 bid.

Other declining bank stocks included actively traded Citicorp, off 1 1/4 to 2 1/4, Southwest Bancshares 1 1/4 to 2 1/4, Interfirst 2 1/4 to 20, J.P. Morgan 1 1/4 to 49 and First City Bancshares of Texas 1 1/4 to 18 1/4.

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On the NYSE floor, bank stocks lost ground as analysts, following the failure of Penn Square Bank in Oklahoma, warned that the banking industry may face more severe problems from bad loans in the months to come.

Banks with exposure to Penn Square faltered, with Continental Illinois losing 1 to 1 1/4, Chase Manhattan off 2 to 3 1/4, and Seafirst 1 1/4 to 1 3/4. In over-the-counter trading, Michigan National lost 1 1/4 to 1 3/4 bid and Northern Trust was off 1 1/4 to 3 1/4 bid.

Other declining bank stocks included actively traded Citicorp, off 1 1/4 to 2 1/4, Southwest Bancshares 1 1/4 to 2 1/4, Interfirst 2 1/4 to 20, J.P. Morgan 1 1/4 to 49 and First City Bancshares of Texas 1 1/4 to 18 1/4.

U.S. Banks Face Losses in Oklahoma Failure

By Robert A. Bennett

NEW YORK — The failure over the weekend of the relatively small Penn Square Bank of Oklahoma City, which had about \$190 million in uninsured deposits, is causing large losses at banks across the country, possibly as large as \$240 million for Continental Illinois alone.

Penn Square, which had deposits of only \$470 million, was highly aggressive in lending to the oil and gas industry and had more than \$2 billion of such loans to other banks across the country.

With the energy business in a recession, it has become questionable whether many of these loans to independent oil and gas developers will be repaid.

Federal officials said the bank's problems were due to "a large volume of problem loans," but they declined to comment on whether fraud might have been involved.

Banking sources raised questions as to whether some of the collateral that Penn Square had said was behind some of the loans was actually there.

Continental's Losses

As a result of its relationship with Penn Square, Continental Illinois of Chicago, the sixth-largest U.S. banking organization, announced Tuesday that it would show a loss in the second quarter.

Continental declined to say how large the loss from its activities with Penn Square might be, but some analysts estimated it could be as high as \$240 million.

Continental is reported to have invested about \$1.3 billion in energy-related loans developed by Penn Square. In addition, banking sources said that Continental had made direct loans to the Oklahoma bank.

Hundreds of depositors lined up Tuesday morning to withdraw their money from Penn Square, but according to "rough estimates" by federal authorities, about \$190 million of the bank's deposits were uninsured. The Federal Deposit Insurance Corp. insures accounts up to \$100,000.

Because it was not certain how great Penn Square's total liabilities and losses were, go bank was willing to acquire the institution, and therefore, for the third time in its history, the FDIC established a

special bank, Deposit Insurance National Bank, to facilitate the refunding of deposits. It opened Tuesday in Penn Square's offices.

Penn Square was the 21st U.S. bank to close this year. Nearly all of the others were absorbed by healthier banks in government-arranged takeovers.

Among other big banks that were involved with Penn Square were:

• Seafirst of Seattle, the biggest banking organization in Washington state, said Tuesday that it had invested about \$400 million in loans developed by Penn Square. It said it expected to show a loss in the second quarter.

• Northern Trust, the fourth-largest bank in Chicago, reported that it had invested about \$125 million in loans generated by Penn Square. "Some of these loans have been identified as problem loans," it said, and therefore it has made an \$8-million provision for bad loans in the second quarter of 1982, up from \$2 million in the corresponding period last year.

• The Chase Manhattan Bank is reported to have invested about \$250 million in energy loans generated by Penn Square. Chase said it may incur "some losses" on these loans, but added that it did not expect "any significant problems."

• The Michigan National Bank is reported to have invested nearly \$200 million in loans generated by Penn Square.

30 Oklahoma Banks

There were declines Tuesday in prices of stocks of other banks that are closely identified with the energy business.

According to banking industry sources, there was a debate among the federal bank regulators — the FDIC, the Comptroller of the Currency, which regulates federally chartered banks, and the Federal Reserve Board — over how to handle the Penn Square problem.

These sources indicated that the

CURRENCY RATES

Interbank exchange rates for July 7, excluding bank service charges.

	\$	£	D.M.	F.F.	R.L.	Gld.	S.F.	S.P.	D.L.
Amsterdam	2.772	4.742	5.000	6.171	12.205	5.775	129.63	31.555	31.555
Berlin (excl.)	4.828	12.128	19.722	3.012	12.205	5.775	129.63	31.555	31.555
Frankfurt	2.815	4.825	5.000	6.171	12.205	5.775	129.63	31.555	31.555
London (excl.)	1.798	5.000	4.818	11.923	2.467.25	4.741	82.15	2.623	14.835
Paris (excl.)	1.495	5.000	5.000	6.171	12.205	5.775	129.63	31.555	31.555
New York	1.495	1.788	0.977	0.154	0.071	0.300	0.021	0.448	0.151
Porto	4.805	11.229	27.738	4.495	25.157	14.524	325.60	85.31	85.31
Zurich	2.146	3.664	55.315	30.755	1.1294	71.36	4.4671	—	24.761
1 ECU	0.9402	0.5498	2.3465	4.5844	125.16	2.6889	45.708	2.0128	5.7754
1 SDR	1.8577	0.6336	2.7799	7.5289	125.16	2.6889	45.708	2.0128	5.7754

Dollar Values

	Per U.S.	Per U.S.	Per U.S.	Per U.S.	Per U.S.	Per U.S.	Per U.S.	Per U.S.	Per U.S.
Swiss	1.9728	Australian \$	0.9164	0.9404	Israeli sheqel	24.74	0.4225	Singapore \$	2.1615
0.071	Austrian schilling	14.89	0.0639	Japanese yen	259.30	1.1567	S. African rand	0.8445	
0.071	Belgian fr.	25.25	3.674	Korean won	0.0284	0.0013	S. Korean won	242.80	
0.071	Canadian \$	1.2915	0.6277	Malay ringgit	2.2715	0.0258	Spanish peseta	111.17	
0.1151	Danish krone	4.6665	0.1501	Mexican peso	4.6225	0.1612	Swedish krona	4.6225	
0.2008	French mark	4.7855	0.1167	Phil. peso	0.507	0.0254	Taiwan \$	39.39	
0.0147	Great Britain	70.75	N.A.	Port. escudo	—	0.0036	Thai baht	22.508	
0.1187	West German \$	4.5475	0.2056	Saudi riyal	2.468	0.2723	U.A.E. dirham	3.673	
1.2785	Yen \$	0.2797	—	—	—	—	—	—	—

Source: Reuters. 1 U.S. dollar = 100 cents. (a) Commercial franc. (b) Amounts needed to buy one pound. (c) Units of 100. (d) Units of 1,000.

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Dollar Up Sharply As Chances of Drop In U.S. Rates Fade

Reuters

FRANKFURT — The dollar soared Wednesday to a 10-month high against the Deutsche mark and to another record against the French franc as hopes faded for an early fall in U.S. interest rates.

The mark came under additional pressure because of worries about the financial problems of AEG-Telefunken and rumors that at least one West German bank could find itself short of cash, partly because of higher against all major major currencies. It was quoted at 2.5145 DM and at 6.975 French francs.

Hopes of a decline in U.S. interest rates, which have been the major factor in the dollar's recent strength, had been fueled by a fall last week in the U.S. money supply figures.

But Wednesday morning Eurodollar deposit rates, the interest paid on dollar deposits in Europe, climbed 1/4 of a point on speculation that the U.S. money supply is about to surge again, leaving little room for a relaxation of monetary policy.

Eurodollar deposit rates closed around 1/4 point higher, with six months closing at 16 1/2 percent.

One dealer said an indication of nervousness was that the spread between three-month Eurodollar rates and similar-dated U.S. Treasury bills has widened to 300 basis points from the "normal" 200-basis-point spread. One percent equals 100 basis points.

The dollar's rise against the mark began in New York Tuesday night after rumors circulated in the market that a West German bank had run short of cash. The Bundesbank late Tuesday denied any bank was in trouble.

But together with the severe financial problems afflicting AEG-Telefunken, the 13th largest industrial company in West Germany, the rumors added to market pessimism about the West German economy, dealers said.

The pessimism was increased this week by figures showing a rise in unemployment and a decline in new manufacturing orders.

One senior foreign exchange dealer in Frankfurt said that with little change expected in U.S. interest rates in the coming weeks, the dollar could well go on to exceed last year's peak of 2.58 marks.

Despite the large interest-rate differential favoring the dollar over other currencies, the Bundesbank has made clear through its domestic money market operations that it does not want to see West German interest rates rising further at a time when struggling firms need cheap credit.

Wednesday morning the Bundesbank agreed to offer banks extra cash for a month through a securities repurchase plan, whereby banks obtain liquidity in return for bonds which they lodge with the central bank as collateral.

The Bundesbank said it will charge banks an interest rate of 8.9 percent for the use of the one-month funds, which is below its 9 percent Lombard rate, the main plank of the West German interest rate structure.

Steady in EMS

The French franc was steady against the mark, which was fixed at 2.7758 francs in Paris, little changed from Tuesday's fixing of 2.7751 francs.

Traders said a cut by the Bank of France in its call money rate to 15 1/2 percent from 15 1/4 percent was not a reason for the franc's slide against the dollar.

The British pound, after opening in London at \$1.7095, its weakest in five years, recovered slightly to close at \$1.7117, compared with Tuesday's \$1.7245. This came in spite of continuing speculation about a cut in British lending rates. The Bank of England cut one of the rates with which in deals in money markets by 1/16 point Wednesday for the third day in a row.

In London, the dollar closed sharply stronger than Tuesday, although it eased from its highs in late trading, dealers said.

It closed at 2.51 DM, having traded as high as 2.52 DM in early dealings. It had closed at 2.4897 DM Tuesday.

In New York, the dollar contin-

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Market Summary, July 7

Dow Jones Averages					
	Open	High	Low	Close	Chg.
30 Ind	714.23	719.19	704.19	707.54	-0.7
20 Ind	107.71	108.18	107.11	107.50	-0.2
15 Ind	105.76	106.45	105.11	105.57	+1.5
40 Stk	310.87	313.50	308.80	311.54	+0.3

Standard & Poors Index				
	High	Low	Close	Chg.
Composite	108.94	108.94	107.22	+0.7
Industrials	121.50	118.85	119.94	+0.4
Utilities	51.41	50.93	51.26	+0.1
Finance	12.84	11.71	11.69	+0.1
Transp.	17.33	17.00	17.17	+0.1

NYSE		AMEX	
Clos.	Prev.	Clos.	Prev.
46.92	51.10	3.34	3.30
46.22	50.7	2.71	1.75
17.63	13.89	1.14	1.82
7.70	8.31	287	3.68
22.76	24.18	1.58	0.99
452	444	210	215
1,853	1,842	718	718
17	9	5	5
97	105	32	33

AMEX Stock Index				
High	Low	Close	Ch'ge	
246.68	245.41	246.16	-0.26	

AMEX Most Actives				
	Sales	Close	Ch'ge	
WorlxB	144,500	27 1/4	+ 1/4	
DynexPrf	140,800	4 1/4	+ 1/4	
GiantFood	109,200	29 1/4	-	

NYSE Index			
	High	Low	Close
NYSE	61.84	61.62	61.76
Dow Jones	70.31	70.01	70.12
NYSE	53.10	52.63	52.85
NYSE	54.09	53.44	53.78
NYSE	60.58	60.25	60.28

NYSE Most Actives			
	Sales	Close	Change
Goldman Sachs	1,129,700	26 1/4	+1 1/4
Microsoft	781,000	22 1/2	+1 1/2
Intel	727,200	27 1/2	+1 1/2
Merck & Co.	525,000	56 1/4	+2 1/4
AT&T	450,000	61	+1 1/4
IBM	430,000	68 1/2	+1 1/4
Boeing	354,000	77 1/2	+1 1/4

	Buy	Sales	*Sho
July 4.....	109,418	250,866	6
July 2.....	107,139	283,368	8
July 1.....	105,494	229,183	7
June 30.....	102,464	262,872	4
June 27.....	103,075	271,881	9

*Sho. included in the sales figures.

Dow Jones Bond Averages		
	Close	Ch'ge
Bonds	57.89	-0.03
Utilities	55.70	-0.01
Industrials		60.08
		-0.05

	Sales	Close	Chg
WmnsB	144,500	27 1/2	+ 1/2
Dornier Trl	140,800	4 1/4	+ 1/4
Giant Food	109,300	29 1/2	—
Champion Ho	100,300	3	—
Tech Sys	91,400	10 1/4	+
Hou Oil Tr	86,500	12 1/2	—
Chief Inv S	72,700	14 1/2	—
ACI Res	49,100	5	—
Crysalis Otl	48,900	11	—
Brook Natl	61,700	8 1/2	+

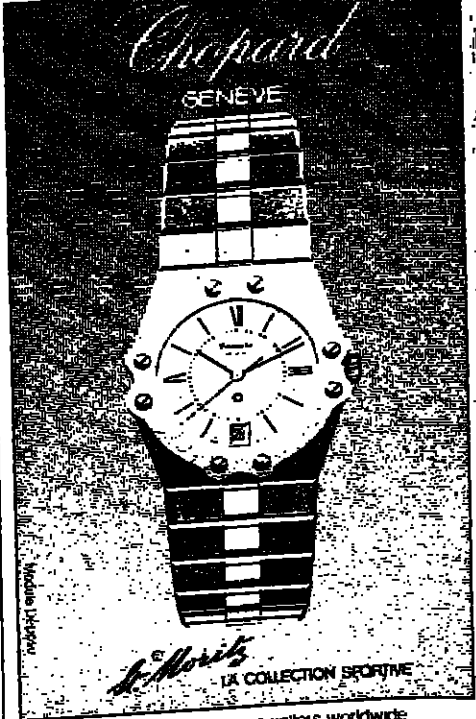
NYSE Most Actives	Shares	Closes	Changes
GoldLaw	1,129,200	26 1/4	+1 1/4
Amgen	781,900	23 1/4	+1 1/4
GenCorp	757,200	27 1/8	+1 1/4
Energy W	649,800	26 1/2	+1 1/4
ST Corp	709,800	38 1/2	+1 1/4
IBM	638,200	61	+1 1/4
East Kodak	549,200	7 1/2	+1 1/4
GenCorp	497,000	12 1/4	+1 1/4
Lock Deck	482,100	13 1/2	+1 1/4
Insoult	479,000	12 1/2	+1 1/4
GenCorp	450,000	27	+1 1/4
FordAet	449,800	23 1/2	+1 1/4
Shore Month	378,000	37	+1 1/4
Sumat&T	371,400	28 1/2	+1 1/4

Wednesday's NYSE Closing Prices

Tables include the nationwide prices up to the closing on Wall Street.

12 Month	High	Low	Stock	Div.	Yld.	P/E	Sto	100s	High	Low	Class	Open	Close
11%	12%	11%	AAR		1.24	10	66.15	100	100	100	100	100	100
12%	13%	12%	AAE		1.24	10	66.15	100	100	100	100	100	100
13%	14%	13%	AAE		1.24	10	66.15	100	100	100	100	100	100
14%	15%	14%	AAE		1.24	10	66.15	100	100	100	100	100	100
15%	16%	15%	AAE		1.24	10	66.15	100	100	100	100	100	100
16%	17%	16%	AAE		1.24	10	66.15	100	100	100	100	100	100
17%	18%	17%	AAE		1.24	10	66.15	100	100	100	100	100	100
18%	19%	18%	AAE		1.24	10	66.15	100	100	100	100	100	100
19%	20%	19%	AAE		1.24	10	66.15	100	100	100	100	100	100
20%	21%	20%	AAE		1.24	10	66.15	100	100	100	100	100	100
21%	22%	21%	AAE		1.24	10	66.15	100	100	100	100	100	100
22%	23%	22%	AAE		1.24	10	66.15	100	100	100	100	100	100
23%	24%	23%	AAE		1.24	10	66.15	100	100	100	100	100	100
24%	25%	24%	AAE		1.24	10	66.15	100	100	100	100	100	100
25%	26%	25%	AAE		1.24	10	66.15	100	100	100	100	100	100
26%	27%	26%	AAE		1.24	10	66.15	100	100	100	100	100	100
27%	28%	27%	AAE		1.24	10	66.15	100	100	100	100	100	100
28%	29%	28%	AAE		1.24	10	66.15	100	100	100	100	100	100
29%	30%	29%	AAE		1.24	10	66.15	100	100	100	100	100	100
30%	31%	30%	AAE		1.24	10	66.15	100	100	100	100	100	100
31%	32%	31%	AAE		1.24	10	66.15	100	100	100	100	100	100
32%	33%	32%	AAE		1.24	10	66.15	100	100	100	100	100	100
33%	34%	33%	AAE		1.24	10	66.15	100	100	100	100	100	100
34%	35%	34%	AAE		1.24	10	66.15	100	100	100	100	100	100
35%	36%	35%	AAE		1.24	10	66.15	100	100	100	100	100	100
36%	37%	36%	AAE		1.24	10	66.15	100	100	100	100	100	100
37%	38%	37%	AAE		1.24	10	66.15	100	100	100	100	100	100
38%	39%	38%	AAE		1.24	10	66.15	100	100	100	100	100	100
39%	40%	39%	AAE		1.24	10	66.15	100	100	100	100	100	100
40%	41%	40%	AAE		1.24	10	66.15	100	100	100	100	100	100
41%	42%	41%	AAE		1.24	10	66.15	100	100	100	100	100	100
42%	43%	42%	AAE		1.24	10	66.15	100	100	100	100	100	100
43%	44%	43%	AAE		1.24	10	66.15	100	100	100	100	100	100
44%	45%	44%	AAE		1.24	10	66.15	100	100	100	100	100	100
45%	46%	45%	AAE		1.24	10	66.15	100	100	100	100	100	100
46%	47%	46%	AAE		1.24	10	66.15	100	100	100	100	100	100
47%	48%	47%	AAE		1.24	10	66.15	100	100	100	100	100	100
48%	49%	48%	AAE		1.24	10	66.15	100	100	100	100	100	100
49%	50%	49%	AAE		1.24	10	66.15	100	100	100	100	100	100
50%	51%	50%	AAE		1.24	10	66.15	100	100	100	100	100	100
51%	52%	51%	AAE		1.24	10	66.15	100	100	100	100	100	100
52%	53%	52%	AAE		1.24	10	66.15	100	100	100	100	100	100
53%	54%	53%	AAE		1.24	10	66.15	100	100	100	100	100	100
54%	55%	54%	AAE		1.24	10	66.15	100	100	100	100	100	100
55%	56%	55%	AAE		1.24	10	66.15	100	100	100	100	100	100
56%	57%	56%	AAE		1.24	10	66.15	100	100	100	100	100	100
57%	58%	57%	AAE		1.24	10	66.15	100	100	100	100	100	100
58%	59%	58%	AAE		1.24	10	66.15	100	100	100	100	100	100
59%	60%	59%	AAE		1.24	10	66.15	100	100	100	100	100	100
60%	61%	60%	AAE		1.24	10	66.15	100	100	100	100	100	100
61%	62%	61%	AAE		1.24	10	66.15	100	100	100	100	100	100
62%	63%	62%	AAE		1.24	10	66.15	100	100	100	100	100	100
63%	64%	63%	AAE		1.24	10	66.15	100	100	100	100	100	100
64%	65%	64%	AAE		1.24	10	66.15	100	100	100	100	100	100
65%	66%	65%	AAE		1.24	10	66.15	100	100	100	100	100	100
66%	67%	66%	AAE		1.24	10	66.15	100	100	100	100	100	100
67%	68%	67%	AAE		1.24	10	66.15	100	100	100	100	100	100
68%	69%	68%	AAE		1.24	10	66.15	100	100	100	100	100	100
69%	70%	69%	AAE		1.24	10	66.15	100	100	100	100	100	100
70%	71%	70%	AAE		1.24	10	66.15	100	100	100	100	100	100
71%	72%	71%	AAE		1.24	10	66.15	100	100	100	100	100	100
72%	73%	72%	AAE		1.24	10	66.15	100	100	100	100	100	100
73%	74%	73%	AAE		1.24	10	66.15	100	100	100	100	100	100
74%	75%	74%	AAE		1.24	10	66.15	100	100	100	100	100	100
75%	76%	75%	AAE		1.24	10	66.15	100	100	100	100	100	100
76%	77%	76%	AAE		1.24	10	66.15	100	100	100	100	100	100
77%	78%	77%	AAE		1.24	10	66.15	100	100	100	100	100	100
78%	79%	78%	AAE		1.24	10	66.15	100	100	100	100	100	100
79%	80%	79%	AAE		1.24	10	66.15	100	100	100	100	100	100
80%	81%	80%	AAE		1.24	10	66.15	100	100	100	100	100	100
81%	82%	81%	AAE		1.24	10	66.15	100	100	100	100	100	100
82%	83%	82%	AAE		1.24	10	66.15	100	100	100	100	100	100
83%	84%	83%	AAE		1.24	10	66.15	100	100	100	100	100	100
84%	85%	84%	AAE		1.24	10	66.15	100	100	100	100	100	100
85%	86%	85%	AAE		1.24	10	66.15	100	100	100	100	100	100
86%	87%	86%	AAE		1.24	10	66.15	100	100	100	100	100	100
87%	88%	87%	AAE		1.24	10	66.15	100	100	100	100	100	100
88%	89%	88%	AAE		1.24	10	66.15	100	100	100	100	100	100
89%	90%	89%	AAE		1.24	10	66.15	100	100	100	100	100	100
90%	91%	90%	AAE		1.24	10	66.15	100	100	100	100	100	100
91%	92%	91%	AAE		1.24	10	66.15	100	100	100	100	100	100
92%	93%	92%	AAE		1.24	10	66.15	100	100	100	100	100	100
93%	94%	93%	AAE		1.24	10	66.15	100	100	100	100	100	100
94%	95%	94%	AAE		1.24	10	66.15	100	100	100	100	100	100
95%	96%	95%	AAE		1.24	10	66.15	100	100	100	100	100	100
96%	97%	96%	AAE		1.24	10	66.15	100	100	100	100	100	100
97%	98%	97%	AAE		1.24	10	66.15	100	100	100	100	100	100
98%	99%	98%	AAE		1.24	10	66.15	100	100	100	100	100	100
99%	100%	99%	AAE		1.24	10	66.15	100	100	100	100	100	100
100%	101%	100%	AAE		1.24	10	66.15	100	100	100	100	100	100

12 Month	High	Low	Stock	Div.	Yld.	P/E	S&P	High	Low	Open	Prev	Chg
2014	74	74	100	0	26	24.18	100	100	100	100	100	0
2015	74	74	100	0	26	24.18	100	100	100	100	100	0
2016	74	74	100	0	26	24.18	100	100	100	100	100	0
2017	74	74	100	0	26	24.18	100	100	100	100	100	0
2018	74	74	100	0	26	24.18	100	100	100	100	100	0
2019	74	74	100	0	26	24.18	100	100	100	100	100	0
2020	74	74	100	0	26	24.18	100	100	100	100	100	0
2021	74	74	100	0	26	24.18	100	100	100	100	100	0
2022	74	74	100	0	26	24.18	100	100	100	100	100	0
2023	74	74	100	0	26	24.18	100	100	100	100	100	0
2024	74	74	100	0	26	24.18	100	100	100	100	100	0
2025	74	74	100	0	26	24.18	100	100	100	100	100	0
2026	74	74	100	0	26	24.18	100	100	100	100	100	0
2027	74	74	100	0	26	24.18	100	100	100	100	100	0
2028	74	74	100	0	26	24.18	100	100	100	100	100	0
2029	74	74	100	0	26	24.18	100	100	100	100	100	0
2030	74	74	100	0	26	24.18	100	100	100	100	100	0
2031	74	74	100	0	26	24.18	100	100	100	100	100	0
2032	74	74	100	0	26	24.18	100	100	100	100	100	0
2033	74	74	100	0	26	24.18	100	100	100	100	100	0
2034	74	74	100	0	26	24.18	100	100	100	100	100	0
2035	74	74	100	0	26	24.18	100	100	100	100	100	0
2036	74	74	100	0	26	24.18	100	100	100	100	100	0
2037	74	74	100	0	26	24.18	100	100	100	100	100	0
2038	74	74	100	0	26	24.18	100	100	100	100	100	0
2039	74	74	100	0	26	24.18	100	100	100	100	100	0
2040	74	74	100	0	26	24.18	100	100	100	100	100	0
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2045	74	74	100	0	26	24.18	100	100	100	100	100	0
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2055	74	74	100	0	26	24.18	100	100	100	100	100	0
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2057	74	74	100	0	26	24.18	100	100	100	100	100	0
2058	74	74	100	0	26	24.18	100	100	100	100	100	0
2059	74	74	100	0	26	24.18	100	100	100	100	100	0
2060	74	74	100	0	26	24.18	100	100	100	100	100	0
2061	74	74	100	0	26	24.18	100	100	100	100	100	0
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2064	74	74	100	0	26	24.18	100	100	100	100	100	0
2065	74	74	100	0	26	24.18	100	100	100	100	100	0
2066	74	74	100	0	26	24.18	100	100	100	100	100	0
2067	74	74	100	0	26	24.18	100	100	100	100	100	0
2068	74	74	100	0	26	24.18	100	100	100	100	100	0
2069	74	74	100	0	26	24.18	100	100	100	100	100	0
2070	74	74	100	0	26	24.18	100	100	100	100	100	0
2071	74	74	100	0	26	24.18	100	100	100	100	100	0
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2073	74	74	100	0	26	24.18	100	100	100	100	100	0
2074	74	74	100	0	26	24.18	100	100	100	100	100	0
2075	74	74	100	0	26	24.18	100	100	100	100	100	0
2076	74	74	100	0	26	24.18	100	100	100	100	100	0
2077	74	74	100	0	26	24.18	100	100	100	100	100	0
2078	74	74	100	0	26	24.18	100	100	100	100	100	0
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2084	74	74	100	0	26	24.18	100	100	100	100	100	0
2085	74	74	100	0	26	24.18	100	100	100	100	100	0
2086	74	74	100	0	26	24.18	100	100	100	100	100	0
2087	74	74	100	0	26	24.18	100	100	100	100	100	0
2088	74	74	100	0	26	24.18	100	100	100	100	100	0
2089	74	74	100	0	26	24.18	100	100	100	100	100	0
2090	74	74	100	0	26	24.18	100	100	100	100	100	0
2091	74	74	100	0	26	24.18	100	100	100	100	100	0
2092	74	74	100	0	26	24.18	100	100	100	100	100	0
2093	74	74	100	0	26	24.18	100	100	100	100	100	0
2094	74	74	100	0	26	24.18	100	100	100	100	100	0
2095	74	74	100	0	26	24.18	100	100	100	100	100	0
2096	74	74	100	0	26	24.18	100	100	100	100	100	0
2097	74	74	100	0	26	24.18	100	100	100	100	100	0
2098	74	74	100	0	26	24.18	100	100	100	100	100	0
2099	74	74	100	0	26	24.18	100	100	100	100	100	0
2100	74	74	100	0	26	24.18	100	100	100	100	100	0

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Baldrige to Try Again For EEC Steel Accord

WASHINGTON — Commerce Secretary Malcolm Baldrige prepared to try to negotiate a new agreement limiting European steel exports to the United States.

Mr. Baldrige said he and Under Secretary Lionel Omer would meet in Brussels with Etienne Davignon, industry commissioner of the European Economic Community.

The Commerce Department made a preliminary ruling June 10 that seven European countries, as well as Brazil and South Africa, had unfairly subsidized their steel exports to the United States. Earlier, the U.S. International Trade Commission made a preliminary finding that the U.S. steel industry had been injured by imports.

Mr. Baldrige said it would be in the interests of both the European and U.S. steel industries to reach a voluntary settlement before the next formal step in the U.S. proceedings — a final Commerce Department ruling on the subsidy issue Aug. 24.

Possibility of Duties

This would be followed by a final EEC ruling in October, after which the U.S. could impose duties on European producers. Those producers already are being required to

post bonds of up to 40 percent on current shipments to cover these possible duties.

Mr. Baldrige made an earlier attempt to seek voluntary restraints by the EEC steel industry that would be acceptable both to the Europeans and to the U.S. industry, but the parties were unable to agree on terms.

Mr. Baldrige told reporters he is "not sure either side has anything very new" to offer now. He has met with U.S. manufacturers in recent weeks, but said he is carrying "no new mandate" from them.

Nevertheless, Mr. Baldrige said he is "very cautiously optimistic" a voluntary settlement can be reached by Aug. 24, because "it seems to be in both sides' self-interest."

"If both sides are inflexible," he said, "we'll just follow the cases through" within the U.S. government.

If duties are imposed, Britain, France, Belgium and Italy would face the heaviest rates, while West Germany, the Netherlands and Luxembourg would face lighter duties. The duties are based on a judgment of the severity of past violations.

Mr. Baldrige said a settlement is in the U.S. industry's interest, because if duties were imposed, there could be considerable disintegration of market patterns, as coun-



Malcolm Baldrige

tries facing high duties might shift steel exports to countries facing lower duties, which in turn could increase exports to the United States.

The Commerce secretary said the biggest unresolved issue remains, as it was before June 10, just what steel products would be covered in a voluntary agreement.

In the last round, the Europeans did not want to include steel pipe and tube, which constitutes 25 percent of the trade involved. The American firms would not accept an agreement covering only 75 percent of steel trade.

U.S. Analysts See Deep Scars From Prolonged High Rates

By Karen Arenson
New York Times Service

NEW YORK — The recession appears to be ending, inflation is on the wane and the federal budget finally is being tackled. Despite these encouraging developments, however, a growing number of economists predict that high interest rates are here to stay for at least another couple of years.

They say it could mean serious consequences for an already battered economy.

Enduring high rates would mean more business bankruptcies. They would encourage the postponement or cancellation of investment in factories and equipment, which is hardly growing as it is. They would accelerate a shift out of basic industry, leading to a concentration of business involvement in areas promising immediate rewards.

In short, the face of U.S. business would change in major ways if the predictions of continuing high interest rates were to prove true.

Collapse Coming?

"Our industry is already on the verge of total collapse," said Merrill Butler, president of Butler Housing in Irvine, Calif.

As for the broader question of U.S. industry, he said: "By the time business gets around to dealing with high interest rates, the country will have collapsed economically. What we're seeing now is a compounding rate of destruction of American business, and we can't keep it up."

This continuing process of financial Darwinism obviously could have some benefits. The companies that do survive will probably be leaner, more efficient and more productive.

But such transformation will come only at a very steep price. Not only will there be more lost production and high unemployment and less investment and growth, economists predict, but also business will become more concentrated, companies will produce fewer, more profitable products and investment will shift from other sectors that offer higher rates of return.

Of course, this is not the first time in the last decade that business has had to cope with sudden adversity. In the 1970s, for example, en-

gy prices shot up overnight. That problem was solved in a relatively short time by revising operations, converting to alternate fuels and slashing energy use. Similarly, when inflation became the bane of business, innovative financial techniques helped soften the blow.

But in the cases of both energy and inflation, improvement came at the cost of recession.

No Where to Go

The problems of high interest rates, however, go to the heart of what enables an economy to grow and prosper — capital spending on the factories and equipment that improve productivity and thus fuel economic expansion.

"Without increasing capital, we are not going to get increasing production, and there will be no increases in real wages or in the standard of living," said Benjamin M. Friedman, a Harvard University professor of economics.

In each interest rate cycle, new peaks are reached, setting off new alarms in the business community. What is coming as a shock this time is that rates have remained so high while inflation has plummeted, leaving real interest rates, adjusted for inflation, at record levels.

With the banks' prime lending rate at 16 1/2 percent, for example, and inflation at about 6 percent, the real interest rate for a top-level corporate borrower is 10 1/2 percent. That is in sharp contrast to the 2 percent to 3 percent that has held through most of recent history. And with lower inflation, many businesses cannot pass along the higher interest rates in the form of higher prices.

More Bankruptcies

Several of the major economic forecasting services, including both Data Resources and Chase Econometrics, are predicting declines in the prime rate (on which most commercial interest rates are based) of only one or two percentage points by the end of 1984, and long-term rates are expected to decline only two or three points.

Obviously, some companies simply will not survive. Already, Dun & Bradstreet reports, bankruptcies are running at the highest rate

since the 1930s. And many fear that the pace will pick up further.

"If these interest rates don't come down significantly within six months to a year, we are going to see some pretty well-known household names in balance-sheet trouble — and I don't mean just International Harvester," said Peter G. Peterson, chairman of Lehman Brothers Kuhn Loeb. He was Secretary of Commerce under President Nixon.

One thing that particularly worries Mr. Peterson and other financial experts is that companies may already be using funds efficiently, so there may not be much more they can do to improve their use of money.

"When energy prices rose in the 1970s, it was far easier for business to cut back on its use because it had a lot of fat in it," Mr. Peterson said. "But on the money side, a fair amount of fat has already been run out by our more efficient use of money."

While companies can try to cut back on their borrowing, that leaves the problems of staying in business and growing. Companies must still raise capital somehow.

As onerous as the cost of debt is, said Henry Wallich, a governor of the Federal Reserve Board, the cost of financing through the issuance of shares is even more expensive because the dividends that must be paid are not tax-deductible for the corporation while interest payments are.

"If a project does not pay when financed with debt, it certainly will not pay if financed with equity," he concluded. And low stock prices make it unlikely that many companies would even be willing to issue stock now.

Thus, for many companies, survival is a more critical issue than growth.

"It's pretty hard to be creative in an economic environment like this," said Robert H.B. Baldwin, president of Morgan Stanley. "We just had two major international companies visiting here, and what being creative means to them is cutting the hell out of their work forces, cutting the hell out of their capital expenditures, cutting the hell out of their businesses. But they're going to survive."

U.S. Ex-Im Bank Sets New Rates

By Jonathan Foxbringer
New York Times Service

WASHINGTON — The Export-Import Bank has announced new interest rates on export-financing loans that are slightly higher than those agreed to last week by the European Economic Community, Canada and Japan.

The new rates complete the agreement on export credit arrangements that the United States had been demanding in order to reduce the subsidies that the Europeans, Canadians and Japanese had been giving for their exports through financing at below-market interest rates.

The agreement provided a measure of relief in the growing tensions between the United States and its allies over trade issues.

Under the agreement, which was effective Monday, both the United

States and the EEC, along with Canada and Japan, are raising interest rates on the loans they make to countries that buy their products. The higher interest rates make the subsidies smaller by bringing the export loan rates closer to market rates. The American rates are slightly higher, which means the other countries will be providing a slightly larger subsidy.

For More Competitive

But at a news conference Tuesday, William H. Draper 2d, chairman of the Export-Import Bank, and Marc E. Leland, the assistant Treasury secretary for international affairs, said that these new rates "make the bank far more competitive than it has been."

Mr. Draper defended the bank's higher interest rates, contending that "we have always managed to remain competitive" if the bank's

rates were within one percentage point of its competitors.

The new Export-Import Bank rate is 12 1/2 percent for loans to category No. 1 countries, which are the world's richest. In category No. 2, which includes countries with a per capita GNP below \$4,000, the interest rate will be 12 percent. These countries, including Brazil, South Korea, Mexico and Taiwan, get almost 75 percent of the bank's financing.

In category No. 3, which includes poor nations, the rate will be 11 percent.

The Export-Import Bank's rate had previously been 12 percent for all three categories.

Canada, Japan and the EEC set a rate of 11 percent for the poor nations, 11.35 percent for the intermediate countries and 12 1/2 for the richest.

Bonn Postpones Action on AEG

BONN — A special cabinet meeting chaired by Chancellor Helmut Schmidt discussed the problems faced by AEG-Telefunken Wednesday, but government spokesman Klaus Böhmig said they did not make any decision on state aid.

Asked about reports that the company could run out of cash within days, he said: "The government has been aware for some time that the situation is as serious as it is described on the business pages of some newspapers today."

Economics Ministry spokesman Dieter Vogel said that Bonn needed more information from the banks and associated companies

before making any decision and that this would take at least a week.

AEG has requested \$1 billion Deutsche marks (\$400 million) of credit guarantees, which would allow its bankers to provide new loans.

AEG's financial problems unsettled West German financial markets Wednesday and put pressure on the market on foreign exchange markets, dealers said.

Stock exchange dealers have begun to discuss the possibility of AEG seeking settlement with creditors to avoid liquidation.

Since AEG's 100,000-strong work force rejected management's board Chairman Heinz Dürr's

blueprint for recovery, sales of AEG goods have fallen sharply, they said.

Mr. Dürr's plan would have separated the capital goods business and home appliances into separate subsidiaries.

Rumors in financial markets suggest that AEG's suppliers are demanding immediate payment in cash and banks have grown increasingly reluctant to discount AEG's commercial bills, the dealers said.

OPEC Panel Backs Limits

(Continued from Page 15)

certainty was the level at which oil companies would continue to unload surplus stocks, displacing OPEC oil in the market.

The International Energy Agency, an organization of energy-consuming nations, has predicted a reduction in inventories in the July-September period of 1.3 million barrels daily, but concern over instability in the Middle East could reduce that and boost demand on OPEC.

Friday's meeting may try to use the pricing structure to deal with overproduction. Sources said Saudi Arabia wants the main African producers — Algeria, Libya and Nigeria — to raise the so-called quality differential for their oil-rich crudes, from \$1.50 to \$3 a barrel over the \$34 benchmark.

But those nations are expected to resist such an attempt.

Meanwhile, Mr. Oteiza said that at least 500,000 barrels daily of the excess crude would enter the market as selling at below mandated OPEC prices — an apparent reference to Iranian cut-price sales and what buyers say is discounting by Libya.

London Market Adjusting Slowly but Surely to Future

(Continued from Page 15)

and offer a wide variety of financial services. As a result the smaller, more specialized firms may suffer.

"In the '60s and early '70s broking was very easy — it wasn't even difficult for the inefficient firms," said James Ferguson, a research specialist at a leading brokerage, James Capel & Co. "Now you need more of a spread and if you're inefficient, you really suffer. Actually, it's a lot healthier."

One of the criticisms leveled at Carr, Seabag & Co., the 177-year-old firm that recently ceased trading, was ineffective management, particularly damaging under today's more stringent market conditions.

A possible change from fixed to negotiated commissions is only one of the issues that faces Britain's market participants. Another is a basic change in the way the market works. Unlike in the United States, British stockbrokers, who arrange deals, buy from and sell to jobbers, who execute the orders on the exchange floor. Some experts believe the firms should act simultaneously as both broker and jobber.

Both changes may be initiated if the Restrictive Practices Court, which is studying the exchange's rule book following a legal challenge brought by the Office of Fair Trading, decides that the present system of fixed commissions and single capacity trading is no longer acceptable. Although the resolu-

tion of the legal case may be years away, there is growing commercial pressure for change.

In the last decade, the number of private investors has fallen substantially, partly because of punitive taxes levied on such investment, while institutional investment has grown to about 60 percent of the market.

The institutions — pension funds, life insurance companies or building societies — tend to channel their investment business through fewer and larger brokerage firms. And they have a vested interest in trying to get commissions down.

"I foresee a steady attrition in the City," said Mr. Cove. "Firms that just can't compete will have to either call it a day or merge. I just hope there won't be any dramatic bankruptcies."

COMPANY REPORT

Revenue and profits, in millions, are in local currencies unless otherwise indicated.

United States			
	Kroger	1982	1981
2nd Quar.			
Revenue	2,810	2,590	2,590
Profits	35.9	35.9	35.9
Per Share	1.30	1.02	1.02
6 Months			
Revenue	5,500	5,070	5,070
Profits	56.2	45.0	45.0
Per Share	1.89	1.50	1.50

U.S. Panel Clears Thrift Brokerages

WASHINGTON — The Securities and Exchange Commission voted four-to-zero not to block a plan by three large savings and loan associations to establish a nationwide brokerage service, it was announced Wednesday.

The plan is to form a service corporation known as Savings Association Investment Securities, which would provide brokerage services to customers of participating thrifts. The company would register with the SEC as a broker-dealer but would not underwrite securities or trade for its own account.

The proposal was approved May 6 by the Federal Home Loan Bank board.

"Manual of Selected Swiss Shares"

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Schweizerischer Bankverein
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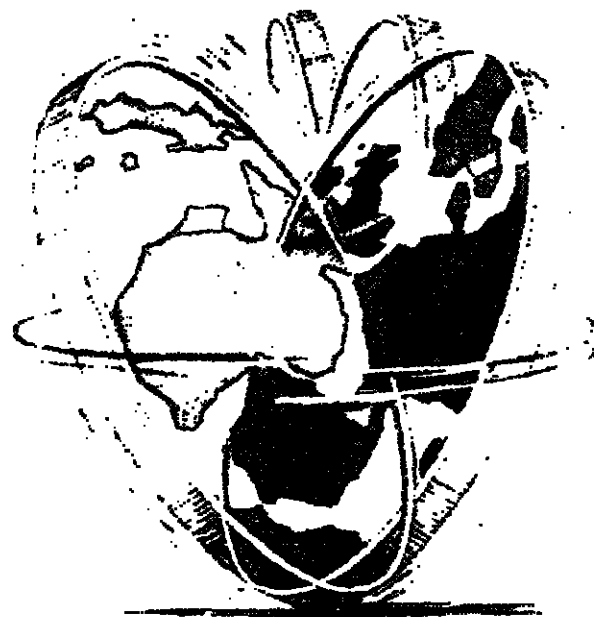
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SPORTS

The Great Unknown:
Cooper's Still Brewing

By Murray Chass

New York Times Service

NEW YORK — A beer might have made Milwaukee famous, but Milwaukee hasn't made Cecil Cooper famous.

"My last six years or so are almost identical to Steve Garvey's," Cooper said the other day. "But most people don't realize I'm in that class. Cooper may be in a class by himself; he may be the best baseball player nobody knows."

Fans know Garvey and Rod Carew and George Brett and Reggie Jackson. But do they know that in the five years Cooper has been the Brewers' first baseman, his 319 batting average is the third best in the majors, behind only Carew's and Brett's? That in the last three years he ranks second in the American League in average and hits and third in runs batted in? In that span, Brett is just ahead of him in average and Carew just behind — but neither is near Cooper in runs batted in.

"Cecil is the best all-around first baseman in the game," said Sal Bando, the retired third baseman who came to Milwaukee at the same time as Cooper and played with him for five years.

"He can,"

"Rod Carew is an outstanding player; he's still very good, but he's not Cecil Cooper. Cooper can beat you with a home run or a flare to left or a bunt. And he can field his position. You have guys who can hit home runs and guys who can hit singles. But not many can do both. He can."

Cooper, 32, is a quiet and introverted Texan but not too shy to discuss his status in baseball and what he feels that status should be. But he does not shout it.

"Maybe if I was creating controversy, getting the manager fired, I could be one of the most popular players around. But that's not me," he said. "If I was in Boston or New York or Los Angeles, I'd

probably be compared with the greatest players because not many players have put the statistics up that I have. But it doesn't bother me. The guys here appreciate me. The people I work for appreciate me."

"I want to be known for what I do on the field. I want to be part of the team. I would like to be thought of as one of the best players in the game, but I just want to be in it."

The Brewers are a group of good — some are outstanding — players who do blend in. That's the way Bud Selig, the owner, planned it. Cooper, who came up in the Boston organization, was brought to Milwaukee before the 1977 season as part of Selig's master plan. Bando, signed as a free agent 17 days before Cooper arrived in a trade, was another part of that plan, as was Larry Hise, signed as a free agent a year later.

"I talked to a lot of people about Cooper. We took a lot of hell for that trade. People from American League East clubs said, 'If you keep making deals like that, you'll be in last place forever.'"

"The deal was Cooper for George Scott and Benito Carlos Scott had played for the Red Sox for six years before becoming a Brewer for five seasons, and Boston wanted him back. Cooper, in three full seasons and parts of three others, had not been a Red Sox regular.

Cooper blossomed when he got his shot at being a regular first baseman. He batted .300 in his first season as a Brewer and is working on his sixth straight .300 season — currently he's at .322, sixth-best in the league; he is third in the league in home runs (19) and in runs batted in (64).

In 1980, Cooper did everything a player possibly could to help the Brewers. He batted .352, hit 25 homers, scored 96 runs and drove in a league-leading 122. But Kansas City's Bret Baer batted .350 and was named the league's most valuable player.

Although Cooper performed on an everyday basis (Brett missed 45 games), he did rant and rave that he finished fifth in the voting? Did he charge that the voters were prejudiced against blacks and first basemen and people who played in Milwaukee? "He'd say 'I don't think the voting was fair,'" says teammate Ben Oglivie. "But he didn't elaborate on it. Being the type of person he is, he just let it go."

"You know, the All-Star voting is the same kind of thing," Cooper said. "If you're not a big name or if you're not in a big city, you don't receive votes." Sure enough, California's Garvey — not in the league's top 10 in average or runs batted in — will start for the American League in this year's game.

What Cooper needs is a World Series. He was reminded that Roberto Clement, the Pittsburgh night fiddler, wasn't "discovered" nationwide until he made the 1971 World Series — a one-man show. Clement, of course, already had dazzled Pirate fans — and opponents — with his hitting, running, catching and throwing for 17 seasons, and had amassed 2,882 of the 3,000 hits with which he was to finish his career.

"This could be the year Cooper gets the Clement kind of opportunity. The Brewers, who took the Yankees to five games in last year's Eastern Division playoff, are in first place in the American League's Eastern Division.

Transactions

BASEBALL
American League
Baltimore — Picked Tommy Stewart, pitcher, on a 30-day rehabilitation assignment with the Baltimore Orioles.
Kansas City — Signed Bill Castro, pitcher, to a one-year contract.
Seattle — Acquired Todd Cruz, shortstop, and outfielder from the Los Angeles Dodgers.
St. Louis — Acquired Todd Cruz, shortstop, and outfielder from the Los Angeles Dodgers.
St. Louis — Acquired Todd Cruz, shortstop, and outfielder from the Los Angeles Dodgers.

Baseball
Atlanta — Acquired outfielder from the Pittsburgh Pirates.
Boston — Acquired outfielder from the Pittsburgh Pirates.
Boston — Acquired outfielder from the Pittsburgh Pirates.
Boston — Acquired outfielder from the Pittsburgh Pirates.
Boston — Acquired outfielder from the Pittsburgh Pirates.

NATIONAL LEAGUE
Houston — Picked Steve Like, pitcher, on a 30-day rehabilitation assignment with the Houston Astros.
Los Angeles — Signed Bill Castro, pitcher, to a one-year contract.
Los Angeles — Signed Bill Castro, pitcher, to a one-year contract.
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Cecil Cooper
... What he needs is a World Series.

A Loser Turned Winner

By Dave Kindred

Washington Post Service

LONDON — He wore blue jeans. He wore tennis shoes. He wore a white T-shirt bearing a sponsor's name. Topping off his ensemble, John McEnroe wore a denim jacket. And someone asked, "John, are you going to the champions' dinner tonight?"

The All England Lawn Tennis and Croquet Club, reversing its its snub of last year, had invited

COMMENTARY

McEnroe to be a member. It asked him after he lost Sunday's Wimbledon final to Jimmy Connors. So maybe, since members go to that dinner, the question needed asking.

But look: If you had just played 4 hours and 14 minutes of tennis that meant more to you than anything; if you had lost your Wimbledon title and then had to play a championship doubles match (which you also lost); if it's clear you're exhausted, emotionally empty — what would you do if someone asked a question designed to nettles you?

Last year, remember, McEnroe either ignored the champions' dinner after winning Wimbledon (that's the organizers' story) or couldn't get there in time because of traffic (his story). In any case, it caused another configuration in the firestorm that enveloped McEnroe last summer.

So a wise guy with a British accent goaded: "Are you going to the champions' dinner tonight?" As if to twist the knife, the august All England Lawn Tennis and Croquet Club sent a distinguished member to McEnroe after he lost to Connors Sunday. The member, wearing his mauve-and-green tie, told McEnroe of the club's invitation to him. Well, la-di-da.

The club a year ago broke with tradition by not inviting McEnroe, as champion, to join its distinguished society. That was seen as a naughty boy's spanking.

Then the club didn't give him his championship trophies, saying that was done at the dinner and, when that was impossible, they just couldn't get together with McEnroe to make delivery.

That means that, for a whole year, not a single member of the distinguished All England flew to New York on business. Such a trip

could have included a stop at the law office of John McEnroe Sr. The traveler could have carried the trophies. Or — and this is creative thinking — the club could have put the trophies in a box, insured them and mailed them.

But no. The club didn't give McEnroe his trophies until he made a public issue of it last week.

That same day McEnroe said it would be nice if the club invited him to be a member, as it has invited every other Wimbledon champion in memory. So, sometime during the Wimbledon fortnight, the decision was made to ask him in. But only if McEnroe behaved himself.

Only after he lost, without incident, did the club come to McEnroe and invite him to join.

As evidence convincing beyond doubt that McEnroe is working like hell to be the guy he can be, he did not remark that his fondest wish is to see Mick Jagger do a concert on Center Court. "They've made an effort to be nicer to me," McEnroe told reporters later. "And I appreciate the fact they have invited me to be a member."

For the two weeks here, McEnroe did all that could be asked of him. He caused no more ruckus than any competitive athlete in a pressure situation.

Stratified
How much that affected his tennis, no one knows. He always has played best when giving free rein to his emotions. If anger found its way into his mind, he spat it out. More, he acted it out.

For a fortnight, McEnroe seemed a man in an emotional straitjacket. On Sunday, he railed — only at himself — in such terms such as "idiot," "stupid" and "chuck." Often he screamed at a malfunctioning of his brilliant skill. But always he cut the anger short, never let it build. People who have seen him for years wonder if he can play at his old level without the fuel of rage.

He hasn't won a tournament since January. Does he need the rage at full flame? Does diverting his energy to self-control take something away from his game?

"People have told me that that's not true, and when I start believing that myself I won't be as a barometer. . . . But it's impossible to answer that question from just these two weeks."

Then the wise guy with the British accent asked something about an argument McEnroe is supposed to have had with another player one day during the tournament. This time McEnroe did what you'd have done. He stood up and walked out of the room.

Padres Defeat Expos, Gain on Braves

Compiled by Our Staff From Dispatches

MONTREAL — San Diego moved within 3½ games of first place Atlanta in the National League's Western Division here Tuesday night with a 5-1 victory over the Montreal Expos.

Pitcher John Curtis, who went 5½ innings and raised his record to

BASEBALL ROUNDUP

6-4, also singled in the only runs the Padres needed.

Ruppert Jones opened the second inning by singling and stealing second. Sixto Lezcano walked; Broderick Perkins forced Lezcano on a fielder's choice, Jones taking third. Perkins stole second before Luis Salazar walked to load the bases for Curtis, whose single to center placed Jones and Perkins.

Gene Richards' double made it 3-1 in the seventh and San Diego added two more runs in the eighth on an RBI single by Perkins and an error by Expo second baseman Frank Taveras. Montreal's run came in the second, when Gary Carter doubled and scored on Chris Speier's single.

Pirates 1, Astros 0

In Pittsburgh, Larry McWilliams pitched a five-hitter and Jim Morrison hit a home run to give the Pirates — who have won 14 of their last 19 games — a 1-0 victory over Houston.

Phillies 3, Giants 2

In Philadelphia, Bo Diaz singled home the tie-breaking run with two out in the eighth to spark the Phillies to a 3-2 win decision over San Francisco. Sparky Lyle (3-2) was the second of three Philadelphia pitchers; he got the victory, while Tug McGraw, working the ninth, earned his third save.

Cardinals 3, Reds 1

In Cincinnati, Steve Mura pitched a four-hitter as St. Louis downed the Reds, 3-1, extending Cincinnati's losing streak to nine games. Mura (6-7) struck out three and walked four in defeating the Reds for only the second time in nine career decisions.

Cubs 7, Braves 2

In Atlanta, Junior Kennedy's two-run single capped a three-run seventh that helped Chicago beat the Braves, 7-2, snapping Atlanta's six-game winning streak. The losers' Dale Murphy hit his major league-leading 23rd homer.

Dodgers 9, Mets 3

In New York, Steve Sax's two-run single highlighted a four-run sixth and sparked Los Angeles,

which benefited from five Met errors, to a 9-3 victory.

Tigers 11, Twins 6

In the American League, in Detroit, Lance Parrish drove in three runs with a pair of homers and scored three times to help Jack Morris break a four-game losing streak as the Tigers muscled past Minnesota, 11-6. Lou Whitaker, Rick Leach and Mike Ivie also hit home runs for Detroit.

Blue Jays 4, Rangers 3

In Arlington, Texas, Damaso Garcia's seventh-inning triple — a misjudged by center fielder Billy Sample — drove home the decisive run in Toronto's 4-3 victory over Texas. Dave Hostetler homered for the Rangers.

Royals 6, Red Sox 2

In Kansas City, Mo., Hal McRae hit a first-inning grand slam home run that propelled the Royals to a 6-2 triumph over Bos-

ton behind the combined five-hit pitching of Vida Blue and Bill Castro. Catcher Don Slaught, called up from Omaha on Tuesday because of a broken ankle suffered by John Wathan, singled in his first major league at-bat; he took third on George Brett's double and Amos Otis walked to set the stage for McRae.

A's 7, Indians 3

In Oakland, Calif., Dave Lopes drove in three runs with two home runs and Brian Kingman struck out two, walked three and scattered seven hits as the A's defeated Cleveland, 7-3. Kingman, who had little offensive support in losing five games since being recalled from the minors last month, won his first since June 3, 1981.

Orioles 3, Angels 2

In Anaheim, Calif., Cal Ripken hit a bases-empty home run with two out in the eighth to give Baltimore a 3-2 verdict over California

— the Angels' seventh straight loss. Ripken broke a 2-2 tie by hitting reliever Doug Corbett's 0-2 pitch over the left-field wall for his 11th homer of the season. With two out and a runner on first in the ninth, Dennis Martinez (9-5) gave way to Tippy Martinez, who struck out Reggie Jackson.

Yankees 8, Mariners 7

In Seattle, Bobby Murcer's lead-off home run in the 12th gave New York an 8-7 triumph over the Mariners — only the Yankees' 12th victory in 32 games in the Kingdome. Murcer drove the first pitch from Seattle's fourth pitcher, Ed Vande Berg, into the right-field seats for his fifth homer of 1982. It was the only hit Vande Berg gave up in 3½ innings of relief. The Mariners had scored seven times in the bottom of the seventh to tie the game. Dave Winfield, John Mayberry and Butch Wynegar also had Yankee homers, while Al Cowens hit one for Seattle.

Steelworker Unrest Disrupts Tour

The Associated Press

DENAIN, France — Angry steelworkers erected a roadblock along the route of Wednesday's fifth leg of the Tour de France bicycle race, forcing the first cancellation of a stage in the tour's 69-year history.

Tour officials said the stage would be rescheduled in Brittany. Wednesday's was to be a 73-kilometer (45-mile) race against the clock by team, but competition was abandoned after the first team away, Belgium's Splendor squad, hit the brakes in front of barricades here after 30 kilometers. The tour will resume Thursday with the 221-kilometer sixth leg.

Warned

Race officials had been forced to alter the route for Tuesday's fourth leg in order to bypass the French town of Givet and threatened demonstrations by foes of nuclear power and another group of steelworkers.

Organizers were warned Tuesday of possible trouble from the steelworkers along Wednesday's route, between Orchies and Fontaine-au-Pire in France's northern industrial region.

Enlisting the mayor of Denain as intermediary, tour officials held talks with union representatives at the Usinor steel works, hard-hit by the unemployment and layoffs plaguing the French steel industry.



Policemen alerted cyclists to the early end of Wednesday's stage.

Tour officials said they thought they had reached a compromise with the union — that demonstrators would disrupt the tour's publicity entourage but would allow the riders to continue normally.

A spokesman for the Confédération Française Démocratique du Travail, which represents the steelworkers, conceded that disruption

of the world's most prestigious bicycle race was likely to cause a public uproar.

"Each year, we [the workers at Denain] sacrifice an hour's wages to come watch the race go by," he said. "It is not with a joyful heart that we stopped the racers, but the workers had to make themselves heard."

Major League Standings

NATIONAL LEAGUE

Western Division

Team	W	L	Pct.	GB
Philadelphia	41	30	.574	—
St. Louis	41	30	.574	—
Pittsburgh	41	30	.574	—
Montreal	41	30	.574	—
New York	41	30	.574	—
Chicago	41	30	.574	—

Team	W	L	Pct.	GB
Atlanta	41	30	.574	—
San Diego	41	30	.574	—
Los Angeles	41	30	.574	—
San Francisco	41	30	.574	—
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